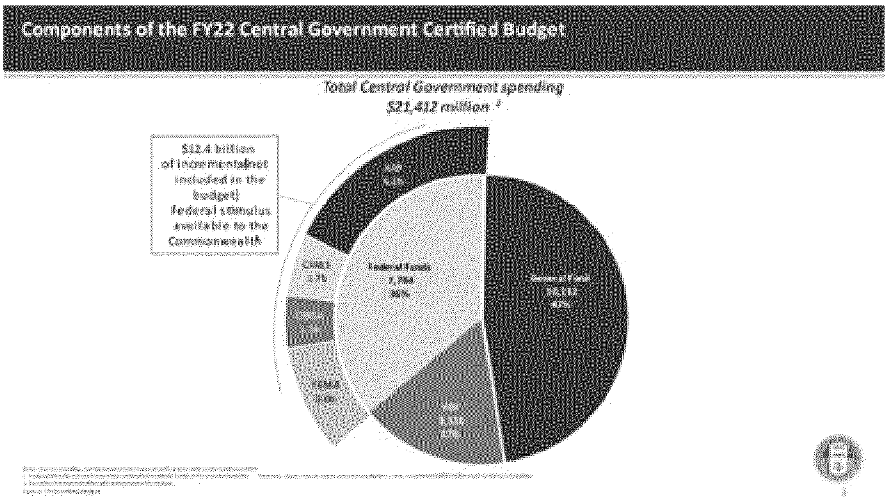
Debtors' Ex. 31

(Part 2 of 2)

Public Meeting - September 17 2021 - Appendix

MINUTES VERSION



+ The total Central Government spending for fiscal year 2022 is $21.4 billion

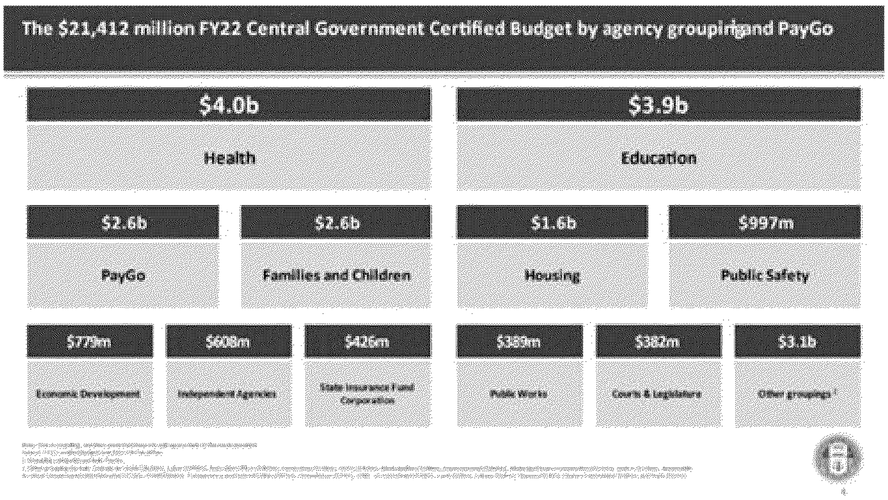
+ This consists of the General Fund, which represents almost half of the budget, as well as the Special Revenue Fund, and Federal Fund budgets

+ We will be providing more details on these categories in the following slides, but this is a high-level view of total Central Government spending

+ In addition, there is approximately $12 billion of federal stimulus related to COVID relief available to the Commonwealth in FY2022 and disaster recovery funds (FEMA, CDBG-DR, etc) expected to be disbursed by the Commonwealth in FY2022.

+ Please turn to the next page

MINUTES VERSION

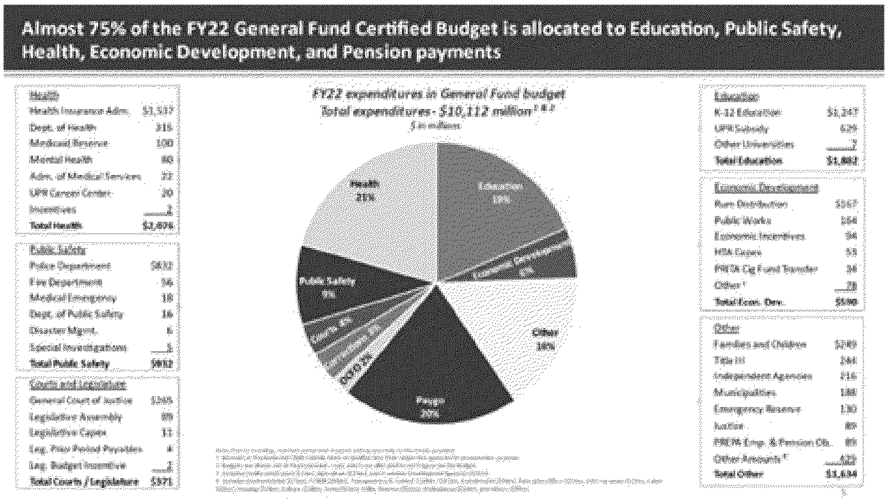


+ The certified FY2022 consolidated Budget provides adequate funding for critical government services including:

- $4.0 billion for healthcare services
- $3.9 billion to support education needs
- $2.6 billion for pension impacting retirees
- $2.6 billion to support vulnerable families and children
- $1.6 billion to subsidize housing needs, and
- Almost $1.0 billion for public safety

+ Please turn to the next page

MINUTES VERSION



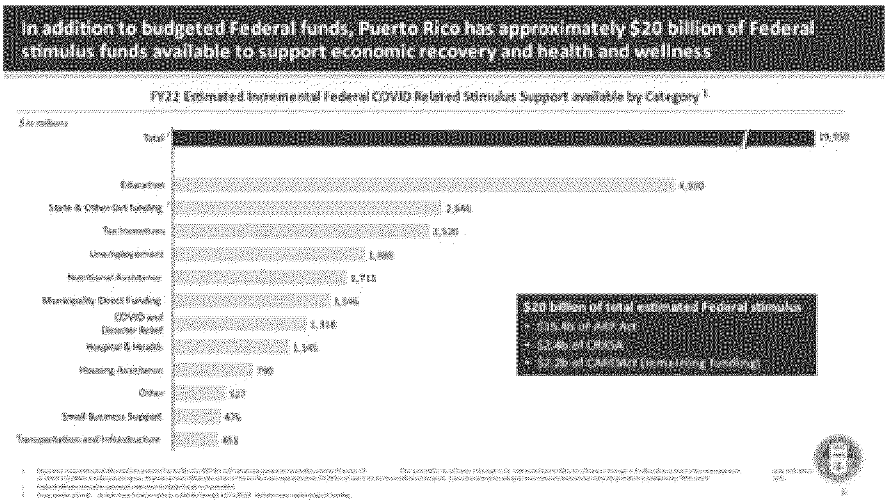
The General Fund budget ensures funding for key priorities such as: healthcare, K-12 schools and higher education, and public safety, among others.

+ The General Fund budget also includes $590 million to support economic development of the island, which would help support economic growth and competitiveness

+ The budget also adequately funds ongoing pension obligations as well as additional social security contributions for Police Officers and teachers, previously not receiving social security contributions+ Please turn to the next page

18

MINUTES VERSION



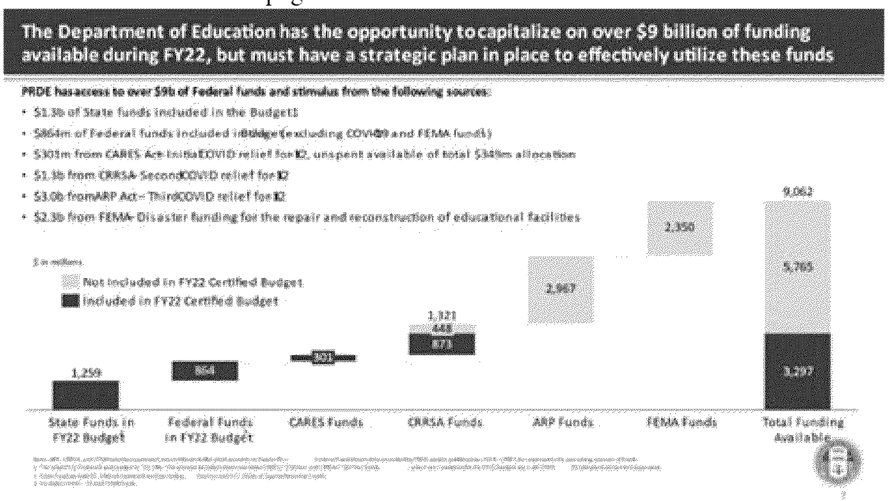
+ In addition to budgeted Federal Funds, almost $20 billion of Federal stimulus funds that further supports economic recovery and health and wellness of the island.

+ These funds include relief to individuals, businesses, and the Puerto Rican government that will supplement and further support Puerto Rico's response to the COVID-19 pandemic and aid its recovery efforts

19

MINUTES VERSION

+ Please turn to the next page



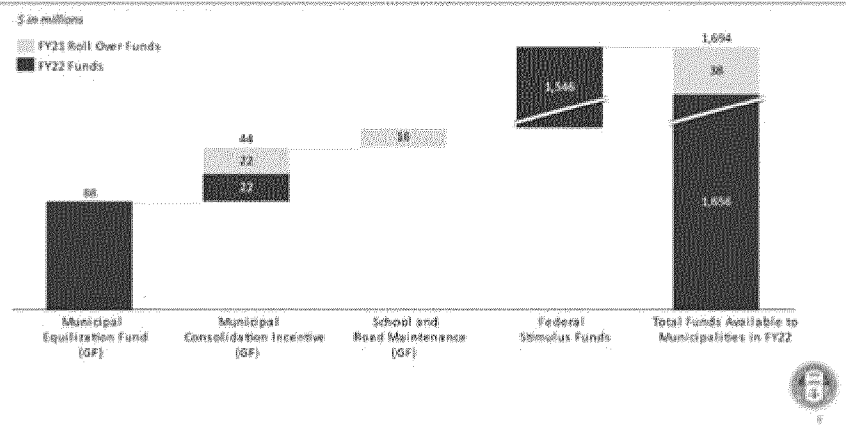
+ For example, the Department of Education has access to over $9.0 billion of funding between State funds, on-going operational federal funds, COVID relief funds, and FEMA disaster related funds

+ The opportunity to rebuild, recover and restore the Island's education system has never been greater. However, to effectively utilize these federal stimulus funds, the Department of Education must strategically develop and implement compliant spending plans

+ Please turn to the next page

MINUTES VERSION

During FY22, Municipalities have access to approximately $1.7 billion from various sources including Federal stimulus funds



+ In fiscal year 2022, the Municipalities could have access to almost $1.7 billion of funding from various sources

+ The Certified Budget includes:

- $88 million to be allocated to the various municipalities through the municipal equalization fund

- $22 million municipal consolidation incentive that can be earned by the municipalities

+ There is an incremental $38 million of fiscal year 2021 funding that is being extended and will be available to municipalities in fiscal year 2022 related to school maintenance, road repairs, and the municipal consolidation incentive.

+ In addition to these $148 million in funds budgeted and available in FY2022, municipalities will also have $1.5 billion available from the federal ARP Act to support their economic recovery. Of course, the municipalities also have access to a significant amount of FEMA and CDBG-DR funding to rebuild after Hurricane Maria and the earthquakes.

+ Please turn to the next page

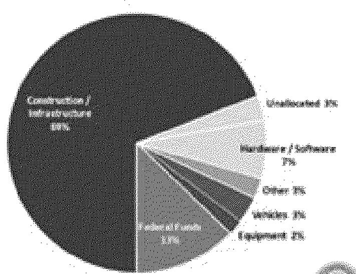
FY22 Certified Budget allocates$467 million ofcapital expenditures (capex) across all funds and agency groupings, however, total capex available for spending is over $1 billion

The General Fund includes $312m of capex, of which $53m is to HTA. 83% of the remaining $259m is allocated while the unallocated amount of $33m may be reapportioned during FY22 upon request. There is also $611m of prior year unspent capex funds being rolled over to FY22.

FY22 Capital Expenditures by Grouping
$ in millions

Grouping	GF	SRF	FF	Total
Public Works	$122	$6	$54	$182
Housing	-	-	59	59
Independent Agencies	32	-	4	36
OCFO	13	-	-	13
Public Safety	28	-	-	28
Courts and Legislature	11	-	-	11
Environmental	-	-	21	21
Corrections	5	-	-	5
Economic Development	7	5	-	12
Labor	5	-	-	5
Other	3	6	-	9
Unallocated	33	-	-	33
Commonwealth Capex	**$259**	**$17**	**$138**	**$414**
HTA	53	-	-	53
Total FY22 Capex	**$312**	**$17**	**$138**	**$467**
FY21 Rollover Capex	611	-	-	611
Total Capex Available	**$923**	**$17**	**$138**	**$1,078**

Capex by Type of Spend
$1,078 million



+ Ensuring enough funding is available to support the Commonwealth's capital needs is important and so the certified fiscal year 2022 budget allocates $467 million for that purpose. The great majority of these budgeted appropriations are allocated for specific needs at specific agencies. However, an unallocated amount of $33 million also remains for needs identified during the course of the fiscal year.

+ In addition to the budgeted $467 million, there are over $600 million of unspent capital expenditure appropriations from the FY2021 budget that ended yesterday. These appropriations are being extended into FY2022, bringing the total amount available for capital expenditures to over $1 billion.

+ The primary categories of spend include construction and infrastructure, vehicles, technology, and equipment.needs is important and so the fiscal year 2022 budget allocates $467 million for that purpose

+ In addition to the $467 million, there is over $600 million of unspent amounts from this current year, which brings the total amount available for capital expenditures to over $1 billion

+ The General Fund budget includes almost $260 million for capital spending, of which over 80% are for specific projects identified

+ The primary categories of spend include construction and infrastructure, vehicles, technology, and equipment

Conclusion

+ In conclusion, the certified Commonwealth budget for fiscal year 2022 provides adequate funding to support key priorities while contributing to Puerto Rico's recovery, stability, and ultimately economic growth

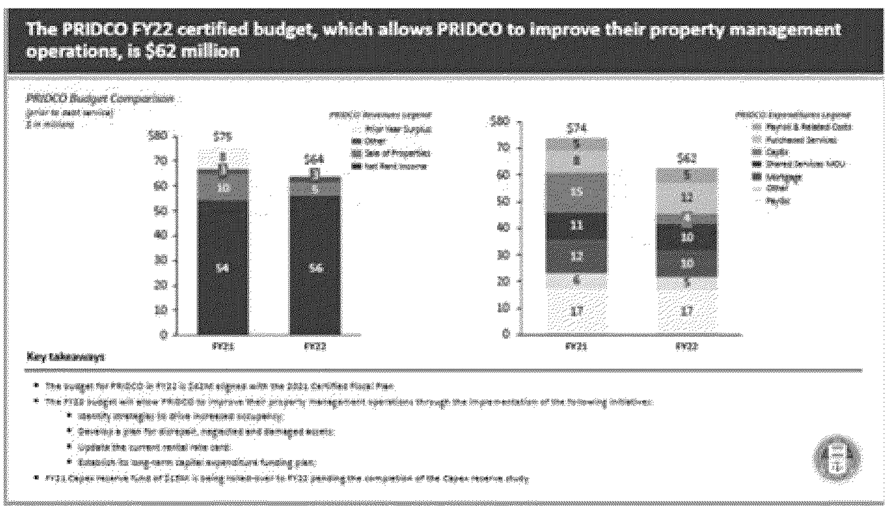
Mr. Chairman, this concludes my presentation on the fiscal year 2022 budget."

The Chair opened the floor for comments from Board members. Governor Pierluisi made certain expressions regarding the certified Commonwealth budget for fiscal year 2022, as well as other Board members.

PRIDCO

The Chair stated that the next presentation would be the PRIDCO Certified Budget, with Ginorly Maldonado, Director of Commonwealth Fiscal Plan and Budget making the presentation.

Ms. Maldonado made the following remarks:



"Good morning board members, Governor Pierluisi, Executive Director Jaresko and to those listening via webcam.

Today, we present the FY22 Budget for the Puerto Rico Industrial Development Company, better known as PRIDCO.

PRIDCO is Puerto Rico's largest industrial real estate owner, generating over $50 million in annual recurring lease income.

The real estate portfolio is used to foster economic development by attracting investment and job creation in a variety of industries including manufacturing, IT, and life sciences.

On May 27, 2021, the Oversight Board certified PRIDCO's second fiscal plan and, today, certifies its second annual budget for fiscal year 2022.

In alignment with the Certified Fiscal Plan, the FY22 Budget will enable PRIDCO to improve their property management operations through the implementation of the following initiatives:

- Identify strategies to drive increased occupancy;
- Develop a plan for disrepair, neglected and damaged assets;
- Update the current rental rate card;
- Establish a long-term capital expenditure funding plan;
- Among others.

- In addition to the resources budgeted in FY2022, PRIDCO will have access to $11M of appropriations extended from the Certified fy2021 Budget taas part of the capex reserveo as part of the capex reserveas part of the capex reserve making a total of al $15M of capital expenditure funding available pending the completion of thecapital expenditure reserve study. The Capital expenditure reserve study will aid in addressing the historic deferral of building repairs and maintenance that has negatively impacted PRIDCO's ability to sustain occupancy and has led to a sharp decline in revenues.

We strongly believe the FY22 certified budget represents an immediate opportunity for PRIDCO's management to significantly improve the portfolio's overall performance through targeted initiatives that can kick-start medium and long-term revenue growth aiding in PRIDCO's overarching economic development goals.

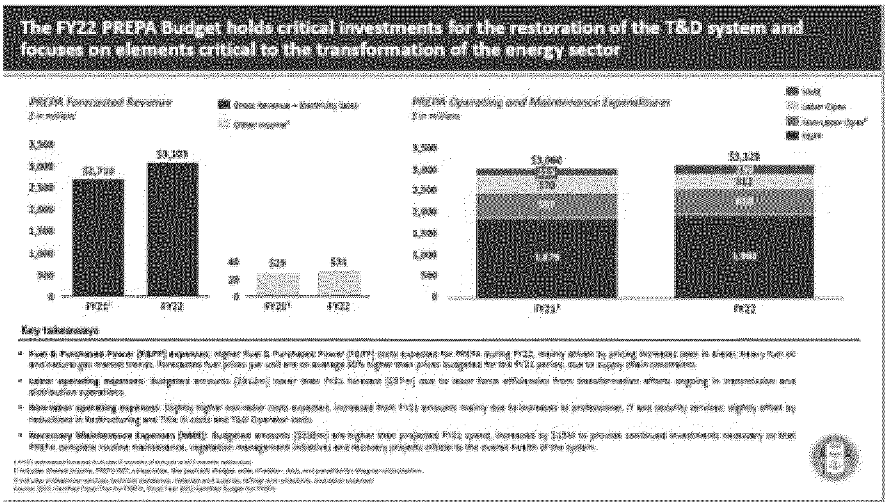
This concludes the presentation of the FY22 Certified PRIDCO Budget and unless there are any questions, thank you."

After the end of the presentation, Mr. Antonio Medina noted that he had recused himself from matters dealing with the certification of PRIDCO's budget for fiscal year 2022.

PREPA

The Chair announced that the next presentation would be the PREPA Certified Budget, with Alejandro Figueroa, Director of Infrastructure, making the presentation.

Mr. Figueroa made the following remarks:



"PREPA's certified fiscal year 2022 budget marks another pivotal step in the transformation of Puerto Rico's energy sector, reflecting the unbundling of PREPA's operations into separate areas: mainly, GridCo, managed by LUMA, GenCo, encompassing PREPA's remaining generation assets, and HoldCo, which serves as the owner, on behalf of the Commonwealth, of the energy system, and provides certain centralized administrative services to GenCo.

The certified fiscal year 2022 budget projects a surplus of $6.4M, driven by higher consolidated revenues resulting from improved economic activity and savings associated with improved operational efficiencies.

On the revenue side, the certified FY22 budget projects $3.1 billion in consolidated revenues, $234 million higher than fiscal year 2021, driven by higher energy demand, particularly in the commercial and industrial sectors.

On the expense side, when compared to fiscal year 2021, the proposed budget projects 5% higher Fuel & Purchased Power costs, for a total of $1.9 billion, mainly driven by the price increases seen in diesel, heavy fuel oil and natural gas market trends, with forecasted unit prices increasing by approximately 30% during the 2021 fiscal year. This increase is consistent with global trends as restrictions and other measures taken as a result of the COVID 19 pandemic are loosened and economic activity and consumption picks up again.

Total non-labor operational expenses are projected to be $617 million, an increase of $20 million when compared to fiscal year 2021. HoldCo and GenCo non-labor budgets are $86 million and $53 million, respectively, while GridCo's non-labor budget is $412 million after accounting for shared service credits for services provided to GenCo and HoldCo in the amount of$54.7 million. Additionally, the budget establishes $10.3 million as a contingency reserve for expenditures, in line with industry best practices.

Total labor expenses are projected to be $312 million, $58 million lower than fiscal year 2021. HoldCo and GenCo's labor budget are $18 million and $77 million, respectively, corresponding to projected headcount of 144 full time employees at HoldCo and 1,051 full time employees at GenCo. GridCo's labor budget is $217 million, corresponding to a projected headcount of 3,248 full time employees.

With regards to necessary maintenance expenses, the proposed budget reflects total appropriations of $230 million, $15 million higher than the fiscal year 2021 budget. Of this amount, $106 million is allocated to GenCo, while the remaining $124 million is allocated to GridCo. The amounts allocated for necessary maintenance in the proposed budget are above and beyond the more than $14 billion in federal funding allocated to repair and improve Puerto Rico's energy system.

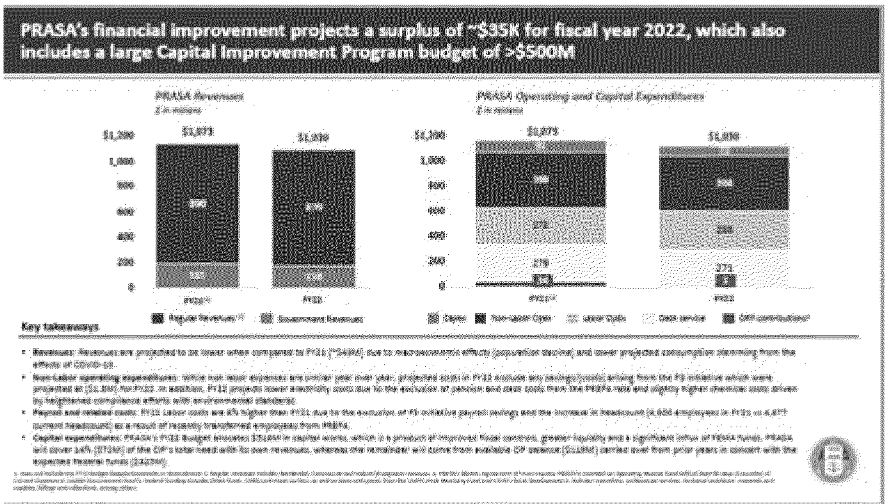
All in, PREPA's fiscal year 2022 certified budget continues to press forward on the path of transformation and modernization of Puerto Rico's energy system, reflecting an pre-debt service surplus, while also ensuring key priority areas, such as vegetation management, workplace safety and system maintenance and improvements, are adequately funded."

Commented [NJ1]: Do you want to say pre-debt service surplus?

PRASA

The Chair announced that the next presentation would be the PRASA Certified Budget, with Alejandro Figueroa, Director of Infrastructure, making the presentation.

Mr. Figueroa made the following remarks:



"PRASA's certified fiscal year 2022 budget projects a slight surplus, mainly from the savings associated with the successful execution of key debt transactions in 2019 and 2020; the implementation of gradual and modest rate increases; and the influx of Federal funding from FEMA and State Revolving Funds. Taken together these achievements have allowed PRASA to stabilize its financial position and shift its focus towards investing in its water system and improving its operational performance.

PRASA's certified fiscal year 2022 budget projects revenues of $1.03 billion, which is $43 million lower than fiscal year 2021, mainly due to lower consumption, itself driven by the declining population, and lower demand. The certified budget also reflects the implementation of the traditional annual rate adjustment, expected to generate $26 million in additional revenues. Finally, collections are projected at a blended rate of 95%, a conservative, yet healthy figure when compared to similar peers in the municipal water sector.

On the expense side, fiscal year 2022 non-labor costs are projected to be $398 million, consistent with fiscal year 2021 projections, mainly driven by lower electricity costs and slightly higher chemical costs.

Payroll and related items for fiscal year 2022 are projected to be $16 million higher when compared to fiscal year 2021.

As mentioned before, as a result of having stabilized its financial position, PRASA can now shift its focus towards improving and investing in its system. To that end, the proposed budget provides the necessary funds to ramp up capital improvements to pre-2015 levels by allocating $72M from operating revenues to be deposited in PRASA's Capital Improvement Fund. These funds will be used to invest in improving PRASA's old and inefficient System.

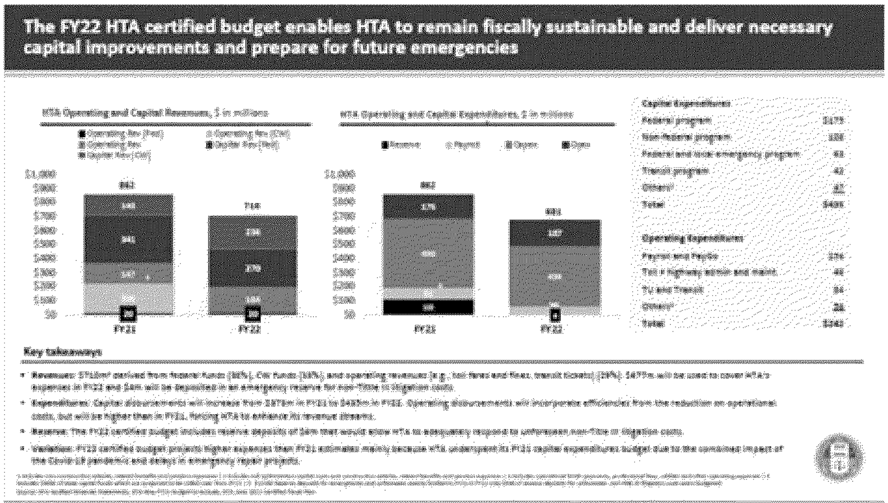
The remainder of PRASA's Capital Improvement Program is projected to be funded with $120 million in USEPA and USDA Rural Development financing, $205 million in FEMA funds and $119 million in previous year balances.

In summary, PRASA's certified fiscal year 2022 budget demonstrates steady progress with its overall fiscal condition, while prioritizing the need to make significant improvements in its capital improvement program and operational performance in order to sustain long-term sustainability."

HTA

The Chair announced that the next presentation would be the HTA Certified Budget, with Alejandro Figueroa, Director of Infrastructure, making the presentation.

Mr. Figueroa made the following remarks:



"Given Puerto Rico's roads perform poorly compared to most of the U.S., the certified Fiscal Year 2022 Budget for HTA prioritizes improving safety, reducing congestion, and achieving a state of good repair of Puerto Rico's highway system.

Despite HTA's financial constraints, the certified budget for HTA reflects continued support for investments in transportation infrastructure given the importance of a well-maintained and well-performing transportation system in promoting economic development across the island

On the revenue side, the certified Fiscal Year 2022 Budget for HTA projects $710 million in consolidated revenues, which is $151 million less than the certified Fiscal Year 2021 budget, due, primarily, to a reduced need for appropriations from the Commonwealth for operating expenditures and funding of contingency reserves, which were fully funded in Fiscal Year 2021.

On the other hand, toll revenues are projected to be higher than Fiscal Year 2021, mainly due to improvements in traffic expected to continue throughout Fiscal Year 2022.

On the expense side, the certified budget includes total operating expenses of $243 million, $14 million less than the certified fiscal year 2021 budget, primarily due to the recategorization of HTA's construction payroll as a capital expenditure.

The certified budget also reflects a projected operating deficit of $43 million, which is expected to be funded through a $72 million projected surplus in its capital budget.

With regards to capital investments, the certified budget allocates $435 million to fund federal, non-federal and emergency repair programs and projects and improve the safety and quality of the transportation system in Puerto Rico.

The certified budget fully funds HTA's capital improvement plan, as reflected in the Certified Fiscal Plan, and allows HTA to progress towards achieving a State of Good Repair for its system, while funding road resurfacing, bridge repair, highway sound barriers, sidewalks, bicycle paths, toll reliability, and other much needed safety projects.

All in, the HTA certified fiscal year 2022 budget prioritizes addressing the critical state of Puerto Rico's road system to create favorable economic conditions, identifies efficiencies that reduce expenses and continues to support the proper investment in transportation infrastructure. This budget marks an important step in moving HTA towards fiscal sustainability and begins the transformation of the Island's transportation system."

UPR

The Chair announced that the next presentation would be the UPR Certified Budget, with Maria Lopez, Director of COSSEC, UPR and Pensions, making the presentation.

Ms. Lopez made the following remarks:

"Good morning Board members, Governor Pierluisi, executive director Mrs. Jaresko and to those listening via webcam. For your consideration we present the certified Fiscal Year 2022 Budget for the University of Puerto Rico

The certified FY22 UPR budget includes $1.511 billion in revenues, including the $94 million allocation authorized by the Governor from federal funding of $94M, as well as monies allocated to UPR through the Higher Education Emergency Relief Fund totaling $353M. This includes allocations for students of $153M and institutional funds of $200M.

The certified FY22 UPR Budget reflects strengthened revenue diversification, UPR also projects increases in revenue driven by UPR increases in tuition, increases to dues and charges, federal grants and contracts, revenue from training

and technical services provided to Government agencies, as well as revenues from slot machines and campus generated inflows projected at pre- COVID levels.

The certified FY22 budget increases the availability of needs-based scholarships to $163 million and ensures all 11 UPR campuses can be maintained.

UPR total expenditures consist of $1.55 billion. The Certified FY22 budget continues to invest in academic excellence, with an increase in academic payroll of 3% At the same time, the Certified FY22 budget continues to reflect non-academic payroll efficiencies that are to be achieved through attrition, reduction of benefits, and medical insurance normalization.

The budget goal is to strengthen the academic mission even further, and continue the much-needed operational efficiencies, integrating administrative functions of the eleven campuses. Eliminate redundancy, complexity and reduce administrative costs.

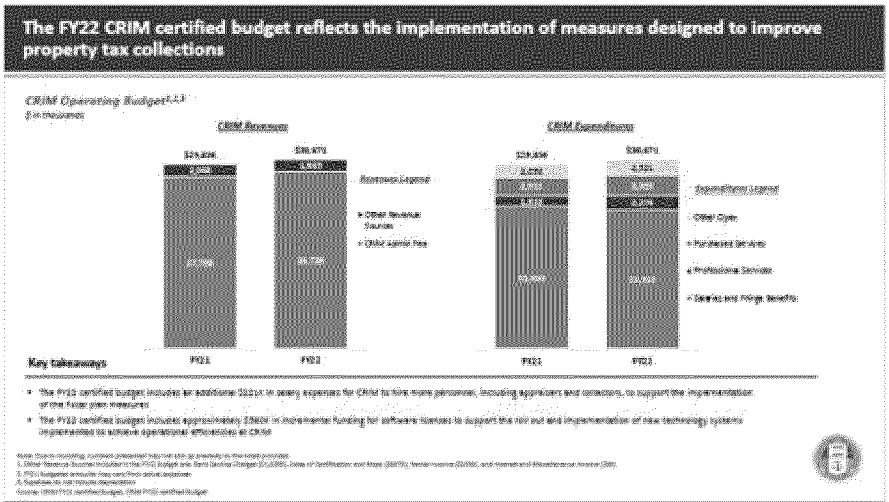
The Certified FY22 budget reflects a reduction in the pension contribution to $122M based on the required implementation of full pension reform. Not enacting these measures in full will require incremental investments to fully fund the plan that have not been budgeted. This will be included in more detail in the budget resolution. Even with the historic amounts of COVID relief funding available, UPR continues to operate at a slight deficit post-debt service, which will be funded by the collection of prior year generated revenues from Commonwealth entities.

All in, the UPR Certified FY22 Budget considers input from UPR governing board and its stakeholders. We will continue to engage all UPR stakeholders in our commitment to ensure that academic and student services are expanded, while back office and administration are consolidated and made more efficient UPR can apply operational model improvements that have proven successful elsewhere to deliver better outcomes for students, faculty, staff, and the broader Puerto Rico community. At the same time, UPR can count on the support of the FOMB to work together on this path towards fiscal sustainability for both public higher education and Puerto Rico."

CRIM

The Chair announced that the next presentation would be the CRIM Certified Budget, with German Ojeda, Director of Revenues and Municipal Affairs, making the presentation.

Mr. Ojeda made the following remarks:



"Good morning and thank you Mr. Chair:

The Municipal Revenue Collection Center ("CRIM" for its Spanish acronym) plays a vital role in supporting Puerto Rico's 78 municipalities by ensuring an efficient process to collect and distribute property taxes.

Since July 2020, CRIM has been working on implementing various revenue-enhancing and operational efficiency measures to improve property tax collections, which will put municipalities on a path to long-term fiscal sustainability. The revenue-enhancing measures are focused on increased compliance to ensure people pay taxes that are already billed. There is no increase to municipal property tax rates forseen in this certified budget.

CRIM's certified FY22 budget is approximately $30.7 million, which is 2.8% higher than the certified FY21 budget, and derives mostly from 5% of property tax collections.

The certified FY22 budget expenditures include key investments in personnel and IT systems needed to support operational efficiencies and the implementation of the fiscal plan measures. The certified FY22 budget includes an additional $221K in salary expenses for CRIM to hire more personnel, including appraisers and

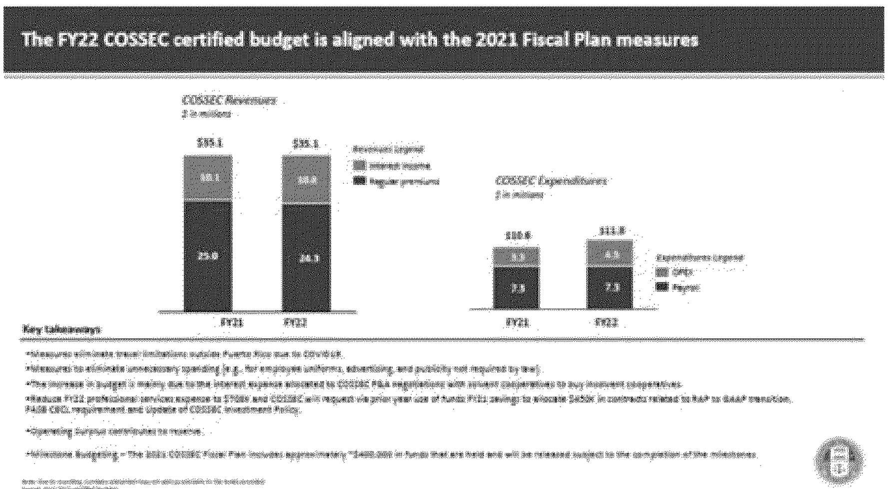
collectors, to support the implementation of the certified fiscal plan measures. The certified FY22 budget includes approximately $560K in incremental funding for software licenses to support the roll out and implementation of new technology systems to achieve operational efficiencies at CRIM.

As to CRIM's account receivables portfolio, CRIM will collect its account receivables for delinquent taxes internally. However, the FY22 certified budget includes $831K in professional services that CRIM will use to hire a third-party to help with the valuation and sale of the A/R portfolio if CRIM's efforts to collect internally are not successful by September 30, 2022."

COSSEC

The Chair announced that the next presentation would be the COSSEC Certified Budget, with Maria Lopez, Director of COSSEC, UPR and Pensions, making the presentation.

Ms. Lopez made the following remarks:



"COSSEC FY22 budget revenue of $35.1M comprises $25M in premiums received from cooperatives and $10.1M from interest earned in the COSSEC Insurance Fund.

Public Meeting - September 17 2021 - Appendix

Total FY22 expenditures of $11.8M includes $7.3M payroll and $4.5M operational expenditures .

The increase in expenditures in FY22 is mainly due to an increase in interest expense allocated for COSSEC as part of upcoming negotiations between solvent and insolvent cooperatives in their P&A efforts.

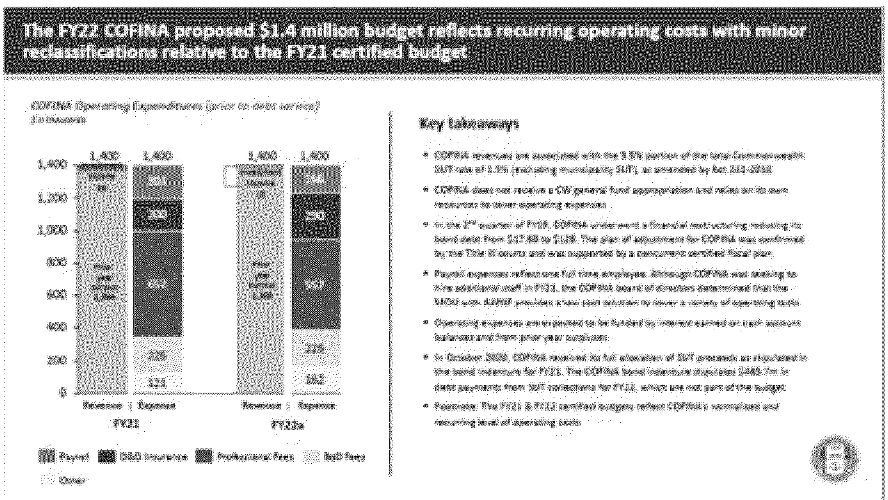
The certified FY22 budget reduces professional services expense from $939K in FY21 to $708K.

All projected operating surplus is contributed into the COSSEC Insurance Fund."

COFINA

The Chair announced that the next presentation would be the COFINA Certified Budget, with German Ojeda, Director of Revenues and Municipal Affairs, making the presentation.

Mr. Ojeda made the following remarks:



"We now turn our attention to the Puerto Rico Sales Tax Financing Corporation or COFINA by its acronym in Spanish. COFINA is the public corporation that manages the debt service for the Sales and Use Tax (SUT) bonds.

In fiscal year 2021, the COFINA portion of SUT revenues used to service debt was fully collected by October 2020, four months after the start of the fiscal year. As for fiscal year 2022, the Commonwealth is forecasting an improvement in SUT relative to FY2021 which supports fully funding the COFINA debt service this fiscal year.

The operating expenses of COFINA are mostly funded by interest earned on the bank balances from SUT collections. Therefore, given the low interest rate environment, COFINA is projected to draw on cash on hand to fund operations for fiscal year 2022.

This is COFINA's third annual certified budget after COFINA's successful Title III plan of adjustment confirmation in the second quarter of fiscal year 2019 which reduced the debt obligation from $18 billion to $12 billion.

Similar to fiscal year 2021, the certified fiscal year 2022 operating budget reflects COFINA's normalized and recurring operating expenses of $1.4 million. The budget supports limited staff, certain professional services and other non-personnel expenses required for the COFINA operation. Also, COFINA will continue with the memorandum of understanding it maintains with AAFAF which provides low-cost administrative support rather than hiring full time staff.

Finally, I want to mention that COFINA's certified fiscal year 2022 budget was prepared using the joint development procedures pursuant to PROMESA Section 202(f) similar to the fiscal year 2021 budget."

The Chair thanked the Board's staff for the presentations and opened the floor for comments from Board members. Governor Pierluisi made certain expressions regarding the certified budgets for the various entities for fiscal year 2022, as well as other Board members.

5. Public Comment Period

The Chair opened the floor for any public comments. There were no comments made from the floor.

6. Other Matters

No other matters were brought to the attention of the Chair.

Adjournment

There being no further business, the Chair moved to adjourn the meeting, which motion Arthur Gonzalez. All members having voted in favor of the motion, the meeting was adjourned at 10:50 AM AST.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Tuesday, July 6, 2021

The meeting convened by video and telephonic conference at 6:30 pm EST on Tuesday, July 6, 2021. Voting Board members Arthur Gonzalez, John Nixon, Justin Peterson, Betty Rosa and David Skeel were present. The members present discussed the following agenda item:

Offer to Ambac and FIGC, as described in Exhibit A attached hereto

The members present then proceeded to vote on the above-mentioned item. Each of the members present voted in favor of the offer to Ambac and FIGC, as described in Exhibit A attached hereto, which therefore was approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, July 9, 2021

The meeting convened by video and telephonic conference at 3:00 pm EST on Friday, July 9, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, John Nixon, Justin Peterson and David Skeel were present. The members present discussed the following agenda items:

1. Agreement with American Federation of Teachers (AFT) and Asociascon de Maestros de Puerto Rico (AMPR), as described in Exhibit A
2. Offer to Unsecured Creditors Committee, as presented by the Board's advisors.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the Agreement with the AFT and AMPR, as described in Exhibit A, and (2) the offer to the UCC based on the presentation by the Board's advisors, each of which actions were therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Monday, July 12, 2021

The meeting convened by video and telephonic conference at 6:30 pm EST on Monday, July 12, 2021. Voting Board members Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson and David Skeel were present. The members present discussed the following agenda items:

1. Resolution (attached as Exhibit A) to approve execution of Amended and Restated Plan Support Agreement, dated as of July 12, 2021, for the Commonwealth, PBA, and ERS
2. Resolution (attached as Exhibit B) to approve certification of submission of the Fifth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j).
3. Offer to Ambac and FIGC, as described in Exhibit C attached hereto.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the Resolution (attached as Exhibit A) to approve execution of Amended and Restated Plan Support Agreement, dated as of July 12, 2021, for the Commonwealth, PBA, and ERS, (2) the Resolution (attached as Exhibit B) to approve certification of submission of the Fifth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j) and (3) the offer to Ambac and FIGC, as described in Exhibit C attached hereto, but solely limited to a 35% sharing percentage, each of which actions were therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Tuesday, July 13, 2021

The meeting convened by video and telephonic conference at 9:30 pm EST on Tuesday, July 13, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, Antonio Medina and David Skeel were present. The members present discussed the following agenda item:

Offer to Ambac and FIGC, as described in Exhibit A attached hereto.

The members present then proceeded to vote on the above-mentioned item. Each of the members present voted in favor of the offer to Ambac and FIGC, as described in Exhibit A attached hereto, but solely limited to a $10 million increment in the cash payment, a 40% sharing percentage based on an $88 million cap and no triggering of the MFN condition as to Assured and National, which action was therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, July 23, 2021

The meeting convened by video and telephonic conference at 3:00 pm EST on Friday, July 23, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, Antonio Medina, Justin Peterson, Betty Rosa and David Skeel were present. The members present discussed the following agenda items:

1. FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A
2. Amendment to the Contract between the Puerto Rico Highway and Transit Authority and First Transit, as described in Exhibit B
3. Section 207 Transaction between PRIFA and MEPSI, as described in Exhibit C.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A, (2) the Amendment to the Contract between the Puerto Rico Highway and Transit Authority and First Transit, as described in Exhibit B and (3) the Section 207 Transaction between PRIFA and MEPSI, as described in Exhibit C, each of which actions was therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Monday, July 26, 2021

The meeting convened by video and telephonic conference at 6:30 pm EST on Monday, July 26, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson, Betty Rosa and David Skeel were present. The members present discussed the following agenda items:

1. Approval of PRIFA Related Plan Support Agreement, dated as of July 26, 2021, attached as Exhibit A
2. Certification of submission of the Sixth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j), attached as Exhibit B.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the approval of the PRIFA Related Plan Support Agreement, dated as of July 26, 2021, attached as Exhibit A, and (2) the certification of submission of the Sixth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j), attached as Exhibit B, each of which actions was therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, July 30, 2021

The meeting convened by video and telephonic conference at 4:00 pm EST on Friday, July 26, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson and David Skeel were present. The members present discussed the following agenda items:

1. FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A
2. Certification of submission of the Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j), attached as Exhibit B.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A, and (2) the certification of submission of the Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. pursuant to PROMESA section 104(j), attached as Exhibit B, each of which actions was therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, August 6, 2021

The meeting convened by video and telephonic conference at 4:00 pm EST on Friday, August 6, 2021. Voting Board members Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson and David Skeel were present. The members present discussed the following agenda item:

FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A

The members present then proceeded to vote on the above-mentioned item. Each of the members present voted in favor of the FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A, which action was therefore approved unanimously.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, August 13, 2021

The meeting convened by video and telephonic conference at 4:00 pm EST on Friday, August 13, 2021. Voting Board members Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson, Betty Rosa and David Skeel were present. The members present discussed the following agenda items:

1. FY22 Budget Reprogramming Recommendations attached as Exhibit A.
2. Proposed ERS Joinder Fees attached as Exhibit B.
3. Amendment O to MCO Contract attached as Exhibit C.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the FY 2022 Budget Reprogramming Recommendations attached as Exhibit A, (2) proposed ERS Joinder Fees attached as Exhibit B modified to reflect a ceiling on the proposed offer of 60%, other than Betty Rosa who voted for maintaining the offer at a 50% level and against authority to raise such offer to 60%, and (3) Amendment O to MCO Contract attached as Exhibit C, which actions were therefore approved.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Friday, August 27, 2021

The meeting convened by video and telephonic conference at 3:00 pm EST on Friday, August 27, 2021. Voting Board members Arthur Gonzalez, Antonio Medina, John Nixon, Betty Rosa and David Skeel were present. The members present discussed the following agenda items:

1. FY22 Budget Reprogramming Recommendations attached as Exhibit A.
2. Title VI Resolutions for PRIFA and CCDA attached as Exhibit B.
3. Stipulation in the form attached as Exhibit C to be entered with purchasers of subrogated claims of GO bonds providing for their support of the PSA and entitlement to the related PSA fee, as to which Stipulation the Board authorizes its Executive Director to complete negotiation thereof, including, without limitation, making non-substantive changes thereto, and to execute the Stipulation on behalf of the Board.
4. Subrecepient Agreement (SRA) between PRDOH and PRASA attached as Exhibit D.
5. Board Resolution regarding Senate Bill 181 attached as Exhibit E.

The members present then proceeded to vote on the above-mentioned items. Each of the members present voted in favor of (1) the FY22 Budget Reprogramming Recommendations attached as Exhibit A, (2) the Title VI Resolutions for PRIFA and CCDA attached as Exhibit B, (3) the Stipulation in the form attached as Exhibit C to be entered with purchasers of subrogated claims of GO bonds providing for their support of the PSA and entitlement to the related PSA fee, as to which Stipulation the Board authorized its Executive Director to complete negotiation thereof, including, without limitation, making non-substantive changes thereto, and to execute the Stipulation on behalf of the Board, (4) the Subrecepient Agreement (SRA) between PRDOH and PRASA attached as Exhibit D and (5) the Board Resolution regarding Senate Bill 181 attached as Exhibit E, each of which actions wase therefore approved.

Executive Session
Minutes of Meeting of Financial Oversight and Management Board for Puerto Rico
Thursday, September 16, 2021

The meeting convened in person and by video and telephonic conference at 9:30 am EST on Thursday, September 16, 2021. Voting Board members Andrew Biggs, Arthur Gonzalez, Antonio Medina, John Nixon, Justin Peterson and David Skeel were present. The members present discussed the following agenda item:

FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A

The members present then proceeded to vote on the above-mentioned item. Each of the members present voted in favor of the FY 2022 Budget Reprogramming Recommendations, as described in Exhibit A, subject to modifying one budget reprogramming request from “Deny” to “Deny with Observations”, which action was therefore approved unanimously.

Financial Oversight and Management Board for Puerto Rico

Meeting Script

Event: Thirtieth Public Meeting
Date: September 17, 2021
Place: Puerto Rico Convention Center and Video Conference
Time: 9:00 am AST

Open the Public Meeting

David Skeel:

Introduces himself as a Chairman of the Board and welcomes all persons present to this public meeting of the Financial Oversight and Management Board for Puerto Rico, which is being held at the Puerto Rico Convention Center and broadcasted by video conference.

Mr. Skeel asks for those connected to the video conference to cooperate on conducting a productive meeting, including keeping themselves on mute during the video conference. For those in the audience, we appreciate if you put your devices on silent. You will be able to ask questions or provide comment during the meeting.

Conducts roll call to determine which members are present in the video conference.

- Andrew G. Biggs
- Arthur Gonzalez
- John Nixon
- Antonio Medina
- Justin Peterson
- Betty Rosa
- David Skeel
- *Ex Officio* Member Governor Pedro Pierluisi

- Determines that quorum is present. (A quorum requires a majority of the voting members of the Board.)

States that a quorum being present, the meeting is now called to order.

States that he would like to ask Mr. Jaime El Koury, General Counsel of the Board, to act as Secretary for this meeting.

Thanks to all of you in attendance at this public meeting at the Puerto Rico Convention Center and those participating in the live stream via the Board's website: **www.oversightboard.pr.gov**. The audio of this meeting via the webcast is available in English and Spanish, as well as sign language. If you visit the English website, the audio will be in English and if you visit the Spanish website, you will hear the simultaneous translation.

The Oversight Board will be handling the questions and comments from participants online through a form available on our website. Participants can find this form on the webcast page. Please complete the form with your name and any questions or comments you might have. Participants can post comment until 15 minutes before the meeting's Public Comments period starts. The Oversight Board will provide answers later on its website.

Our in-person audience will have the opportunity to provide public comment right here in the hall during the Public Comment period. Once I call for Public Comments, please make your way towards the podium in the right side of the stage, while respecting social distancing measures. We will have a staff member near the microphone to assist you if needed. Each person will have two minutes for comments. We request that comments be on the Budgets presented today rather than general matters so we can effectively manage the meeting time.

Recognizes the presence of:

- Omar Marrero, Executive Director of AAFAF.
- All other public officials and private sector representatives who join us today.

CHAIR: Today the following topics are part of the Board's public meeting agenda:

1. **Approval of Minutes of Public Meeting and Executive Sessions of the Board**
2. **Administrative Matters**
3. **Update from the Executive Director**
4. **Public Comment Period**
5. **Other Matters**

1. Approval of Minutes

CHAIR: Our first order of business is to approve the minutes of the Board's last public meeting held on July 1, 2021. The proposed minutes are included in your meeting materials (minutes are attached hereto as Appendix A). The second set of minutes to be approved are for executive sessions held on July 6, July 9, July 12, July 13, July 23, July 26, July 30, August 6, August 13, August 27 and September 16 included in your meeting materials (minutes are attached hereto as Appendix B). Does anyone have any question about these minutes? [Answer any questions].

CHAIR: There being no [further] questions, I would like to ask for a motion to approve the minutes

BOARD MEMBER moves to "Approve the minutes of the Board's public meeting held on July 1 2021, attached as Appendix A and the minutes of the executive sessions held on July 6, July 9, July 12, July 13, July 23, July 26, July 30, August 6, August 13, August 27 and September 16 attached as Appendix B, in the form presented to the meeting [or with the changes proposed]."

CHAIR: Does anyone want to second the motion?

BOARD MEMBER "seconds the motion."
CHAIR then asks for a vote by a voice vote – first those in favor, please say "Yes"– then those opposed, please say "No", and if you're abstaining, please say Abstain.

CHAIR says: '[All] of the members having voted in favor of the motion, the minutes are approved."

2. Administrative Matters

BOARD MEMBER: Mr. Chair, I would like to make the following motion:

Resolution: Between the adjournment of this meeting and the opening of the Board's next public meeting, the Board may consider in executive session any and all matters that it is authorized to consider under PROMESA, including (1) any certification determinations authorized by PROMESA, including certification determinations under Section 206 of PROMESA, (2) any submissions or authorizations authorized by PROMESA and (3) any filings authorized under Title III of PROMESA, in each case that are set forth as part of the vote to convene such executive session. The Board may also act by unanimous written consent between meetings in accordance with the Bylaws, with such consent to include consent by electronic transmission.

BOARD MEMBER: I second the motion.

CHAIR then asks for a vote by a voice vote – first those in favor, please say "Yes"– then those opposed, please say "No", and if you're abstaining, please say Abstain.

CHAIR says: '[All] of the members having voted in favor of the motion, the resolution is approved."

The Chair announces that the Resolution passed unanimously.

4. Update from Executive Director

CHAIR: Our next agenda item is a presentation on the Seventh Plan of Adjustment. Ms. Jaresko will begin our presentation.

NAJ: Thank you Chairman Skeel.

Thank you Mr. Chairman.

With your help, and the help of your fellow board members, I would like to use this opportunity to explain the benefits of the plan of adjustment to the general public.

This Plan is the culmination of months of extensive negotiations and cooperation between all parties.

It is supported by the vast majority of Commonwealth stakeholders.

If confirmed, this Plan provides a unique opportunity for Puerto Rico to emerge from bankruptcy and provide a critical step toward the end of the Oversight Board.

Please turn to the next page.

Page 2 - "Puerto Rico's Fiscal and Economic Condition Prior to PROMESA"

Puerto Rico's Fiscal and Economic Condition Prior to PROMESA

The Government's fiscal and economic outlook were unstable, which prompted the Oversight Board's creation

Debt and Pensions	• Clear inability to pay more than $70 billion in debt & $50 billion in unfunded pension liabilities • Sitting Governor declared the debt was unsustainable and could not be paid • Central Government cash holdings were almost fully depleted
Economy	• A decade of economic decline • Unemployment rate was 10.1% in June 2017, one of the highest levels in the country, and labor force participation was 39.4%, two -thirds the U.S. average • Deteriorating macro environment driven by loss of manufacturing tax incentives, changes in trade policy, effects of local banking sector financial crisis, and substantial loss of local capital
Outmigration	• More than 300,000 people – 10 percent of the population – had already left the island in search of greater economic opportunity during the 10 year period prior to PROMESA
Government Expenditures	• Dangerously low liquidity and revenue shortfalls impaired strategic decision making • Revenues were over forecast, which contributed to unbalanced budgets • One-time revenue and debt were used to cover recurring budget gaps

2

Before we review the terms of the Plan of Adjustment, let's take a moment to recall Puerto Rico's fiscal and economic condition prior to PROMESA

- Debt outstanding had grown to over $70 billion and there was a $50 billion unfunded pension liability

- The Government was unable to make payments on debt and cash balances were nearly depleted

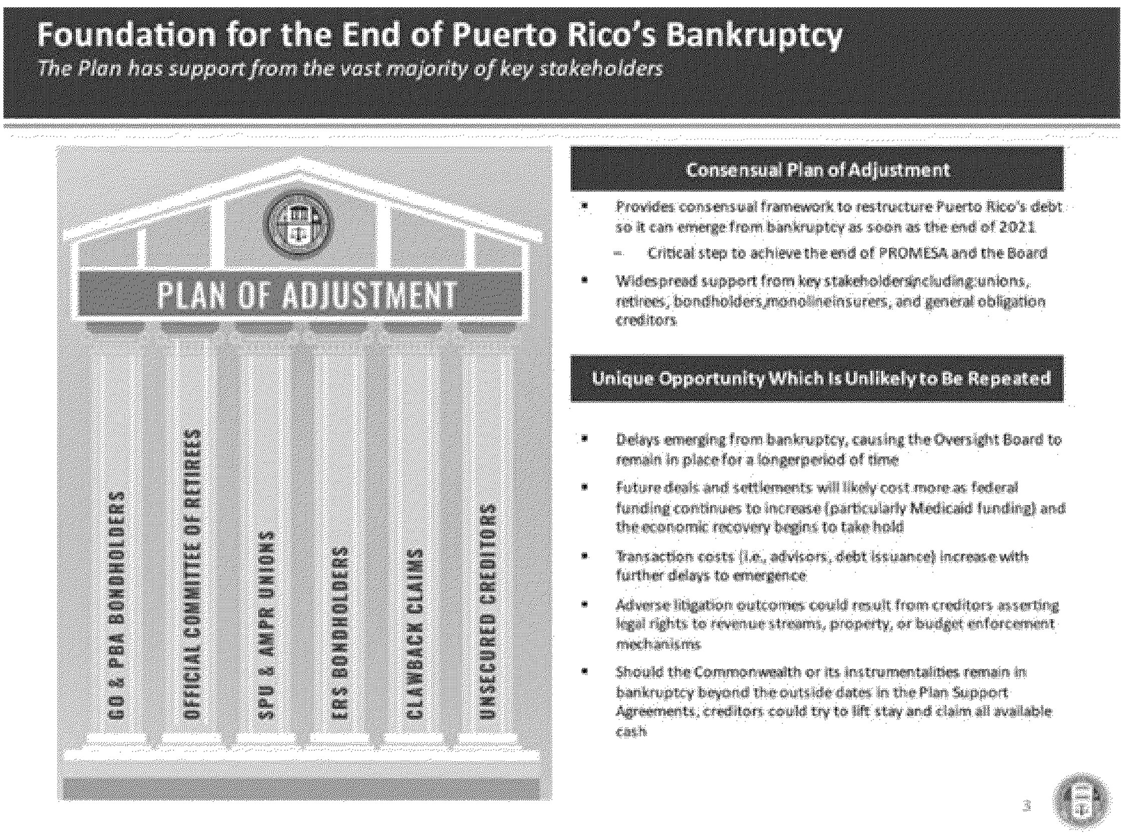
- The economy had already experienced a decade of decline with unemployment reaching 10.1%, one of the highest in the country, and labor participation of just 39.4%, which is just two-thirds of the US average

- More than 10% of the population had left the island in the 10-year period prior to PROMESA

- In addition, the Government's over-forecasting of revenues contributed to unbalanced budgets, requiring the use of one-time revenue measures and debt raises to cover recurring budget gaps

Please turn to the next page

Page 3 – "Foundation for the End of Puerto Rico's Bankruptcy"



FOMB_CONF_88909

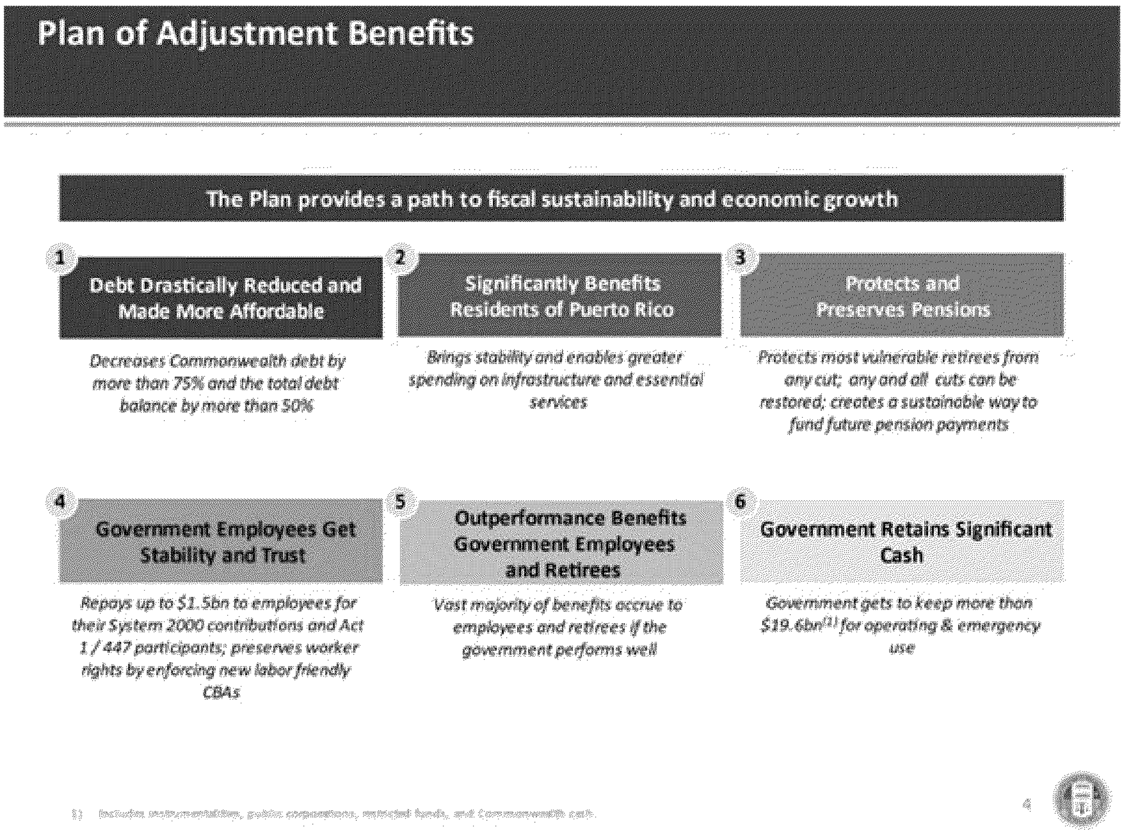
Mr. Chairman and members of the board, this is the best time for Puerto Rico to emerge from bankruptcy. With the current deal, we have:

- The support of the vast majority of financial creditors, including over 90% of GO and PBA bondholders
- Broad support from other stakeholders, including unions, retirees, and bond insurers
- And a consensual, affordable framework that enables emergence from Title III as soon as the end of this year following confirmation hearings

If this plan is not confirmed, it would lead to several negative consequences. As examples:

- It would delay emerging from bankruptcy, causing the Oversight Board to remain in place for a longer period of time
- Future deals and settlements would likely cost more
- Transaction costs (for example advisors, debt issuance) would increase
- And creditors could try to lift the stay and claim all available cash

Page 4 – "Plan of Adjustment Benefits"



I would now like to turn the conversation to Chairman Skeel to discuss the key benefits provided by the Plan of Adjustment.

[David Skeel]

Thank you Natalie.

There are 6 key elements to the Plan of adjustment that provide Puerto Rico with a path to fiscal sustainability and economic growth

- First, the Plan drastically reduces debt making it more affordable. Total debt outstanding would be reduced by more than half

- Second, the Plan brings stability and enables higher spending on infrastructure and critical services, which significantly benefits the residents of Puerto Rico

- Third, the most vulnerable retirees are protected from pension cuts and any cuts made can be restored if there is financial outperformance. This results in a sustainable way to fund pensions

- Fourth, employees gain more stability with labor-friendly five-year collective bargaining agreements and regain trust with the repayment of up to $1.5 billion to employees for their System 2000 contributions

- Fifth, if the Government outperforms the fiscal plan, the vast majority of the benefits accrue to the Government, its employees, and retirees

- And sixth, the Government gets to keep a significant portion of cash for operating and emergency uses

Please turn to the next page

Page 5 – "Plan of Adjustment Benefits"

Plan of Adjustment Benefits

PROMESA allowed for a fair and equitable restructuring process

	Prior to PROMESA	After Plan of Adjustment
1 Debt Drastically Reduced & Made More Affordable	• Overall ~$70bn outstanding, 11 issuers • Commonwealth ~$33bn outstanding, 7 issuers • 25% of Commonwealth own -source revenues for debt service • Defaulted on multiple credits, with no access to capital	• Overall ~$34bn outstanding, 6 issuers • Commonwealth ~$7bn outstanding, 1 issuer • 7.2% of Commonwealth own -source revenues for debt service • Provides path to access capital markets in the future
2 Significantly Benefits Residents of Puerto Rico	• Uncertainty driven by financial distress • Minimal investment in infrastructure • Limited access to and higher cost of capital • Declining economy and significant outmigration	• Increased transparency in government reporting • Greater spending on infrastructure and essential services • Enhanced investor confidence and lower borrowing costs • Government t o invest and retain complete ownership of assets
3 Protects and Preserves Pensions	• Broken promise to set -aside contributions • Pensioners subject to significant risk • Retirement system assets were fully depleted • Disparate treatment among pension systems	• Restores employees' contributions to System 2000 • Preserves 100% of benefits for 72% of retirees • Pension trust contributions to fund future PayGo • Pension cut restoration based on outperformance
4 Government Employees Get Stability and Trust	• Expired collective bargaining agreements • Frozen wages and benefits since FY2014 • Carried the burden of unsustainable debt	• Enhanced stability through 5 -year CBAs • Inflationary payroll increases and higher medical plan contributions • Improve workforce management through civil service reform
5 Outperformance Benefits Government Employees and Retirees	• No incentive to make government more efficient • High percentage of revenues dedicated to debt service	• Bonuses for employees if government outperforms • Creditors share in only 7.6% of revenue outperformance
6 Commonwealth Retains Significant Cash	• Low of only $14mm in the TSA in June 2015 • No emergency reserves for natural disasters	• Minimum cash balance of $1.0bn in the TSA • $1.3bn emergency reserve and $750mm working capital revolver to jumpstart recovery work

5

While this slide has a considerable amount of detail on it, it does show clearly the differences in Puerto Rico's financial outlook before PROMESA and after this proposed Plan.

If you just look at the change in the amount of debt, you will see Puerto Rico's debt under the proposed Commonwealth plan is reduced from $33 billion and 7 issuers to just $7 billion and 1 issuer. The bottom line is the debt is lower and easier to manage going forward.

There are significant benefits for the residents of Puerto Rico who – pre-PROMESA – faced years of uncertainty driven by financial distress and economic decline. Post-Plan, there will be more stability and improved investor confidence. Greater spending on infrastructure and essential services is planned and the Government will retain complete ownership of its assets

The Plan also protects and preserves pensions. The retirees faced significant risk before PROMESA as the assets of the pension system were fully depleted. Promises to set aside contributions were broken, and funds were instead used to pay benefits to current pensioners. The Plan fully restores employee contributions to System 2000 and preserves 100% of benefits for 72% of retirees. The plan also provides for contributions to a pension trust that will help fund future paygo.

Employees will also now have stability and trust. The government's employees carried much of the burden of the unsustainable debt Pre-PROMESA. They were working under expired collective bargaining agreements and had frozen pay and benefits since FY2014. The Plan provides employees stability through 5-year collective bargaining agreements, inflationary payroll increases and higher medical plan contributions.

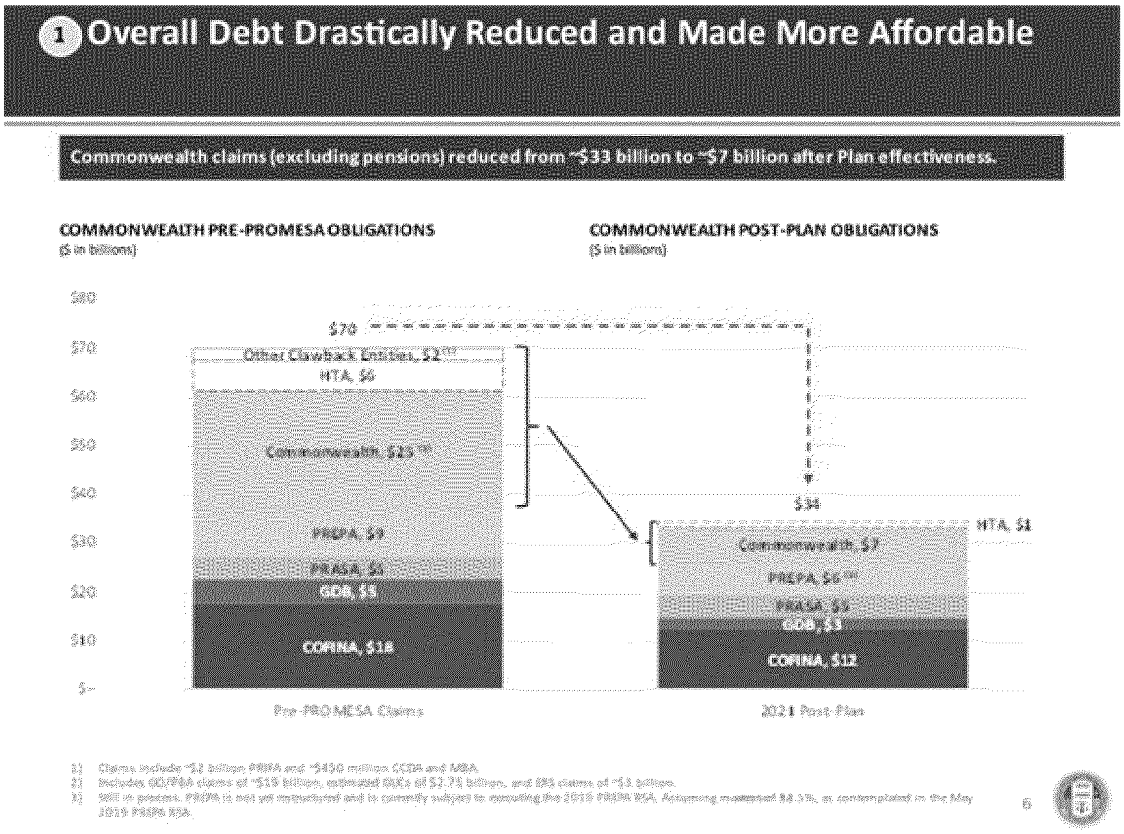
Employees and Retirees will now also be able to share in the government's outperformance. Pre-PROMESA, employees had no incentive to make the government more efficient.

Finally, the Government will retain significant cash. Before PROMESA, in June 2015, cash balances had dropped to a low of just $14 million. There were no emergency reserves for natural disasters. Post-plan, the government's main bank account will have a minimum cash balance of $1 billion. There is also a plan to set aside $1.3 billion as an emergency reserve and a $750 million fund to jumpstart disaster recovery work.

I would now like to turn my colleague Justin Peterson to explain the benefit for the debt reduction in the plan to everyone.

[Justin Peterson]

Page 6 – "Overall Debt Drastically Reduced and Made More Affordable"



Before PROMESA, Puerto Rico had over $70 billion of total debt that needed to be restructured.

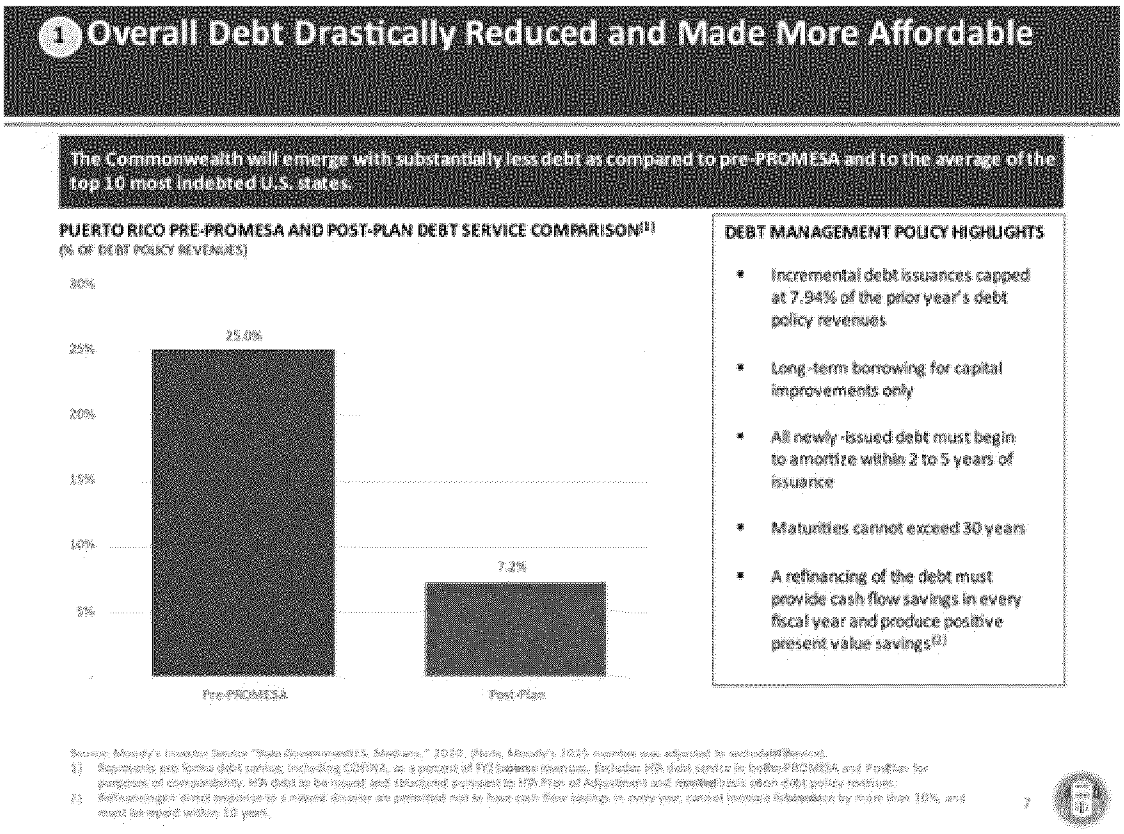
The Plan of Adjustment that we will discuss today restructures over $30 billion of Commonwealth debt and other liabilities and over $50 billion of pension liabilities.

When all is said and done, this board will have cut deals and gotten Puerto Rico out of bankruptcy.

Public Meeting - September 17 2021 - Appendix

Please turn to the next page.

Page 7 – "Overall Debt Drastically Reduced and Made More Affordable"

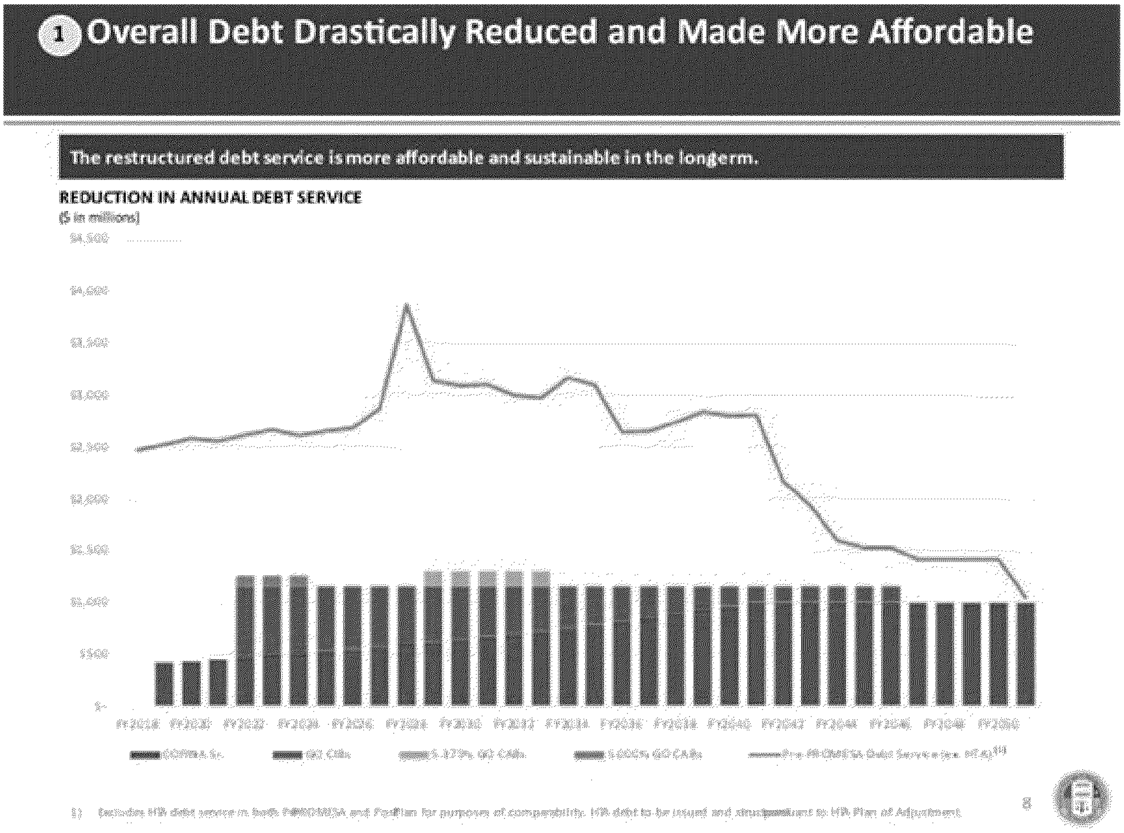


The amount of debt Puerto Rico has to pay under this plan is affordable. As you can see in the chart, post-plan debt represents less than 8.0% of revenues.

In addition, a new Debt Management Policy will help make sure future debt issuances are also sustainable.

Please turn to the next page.

Page 8 – "Overall Debt Drastically Reduced and Made More Affordable"



This final page shows just how good a deal the proposed Plan is versus what existed before.

The Plan of Adjustment meaningfully reduces the Commonwealth's debt service.

- Before PROMESA, annual debt service reached highs of almost $4 billion. That is shown as the red line.

- Instead of paying the amount in the red line, the Plan proposes Puerto Rico pay just a fraction of that amount, represented by the blue and green bars.

- The Plan includes level debt service, as compared to rising debt service prior to PROMESA. This means that as the Commonwealth returns to growth and is able to increase revenues, it will no longer be suffocated by an unsustainable debt burden as it was prior to PROMESA.

John, can you explain the next page.

[John Nixon]

Page 9 – "Overall Debt Drastically Reduced and Made More Affordable"

1 Overall Debt Drastically Reduced and Made More Affordable

The Commonwealth Title III settles outstanding litigation with multiple creditor groups. With only GO and HTA debt, the Commonwealth debt structure is much simpler post-Plan effectiveness.

	Claim / Outstanding Debt		Avg. Debt Service[1]	
($ in millions)	Pre-PROMESA	Post-Plan	Pre-PROMESA	Post-Plan
GO / PBA	$18,754	$7,414	$1,312	$666
HTA[2]	6,258	1,245	294	TBD
PRIFA	1,929	0	140	0
CCDA	384	0	10	0
ERS	3,169	0	271	0
GUCs	2,750	0	0	0
Total	$33,243	$8,659	$2,067	$666

9

15

This page just further shows why the proposed Plan is an affordable and sustainable deal.

- Puerto Rico will emerge from Title III with significantly fewer claims against the Commonwealth and greatly reduced debt service.

- The total number of Commonwealth issuers will be reduced. PBA, PRIFA, CCDA, MBA, and ERS will no longer have long-term debt outstanding. This will simplify operations and reporting and ultimately help facilitate market access

- As part of the Plan of Adjustment, new Commonwealth debt will only be general obligation bonds. This means that there will be no security interest in claims against the Commonwealth, enabling greater financial flexibility should the Commonwealth need to refinance or raise more debt.

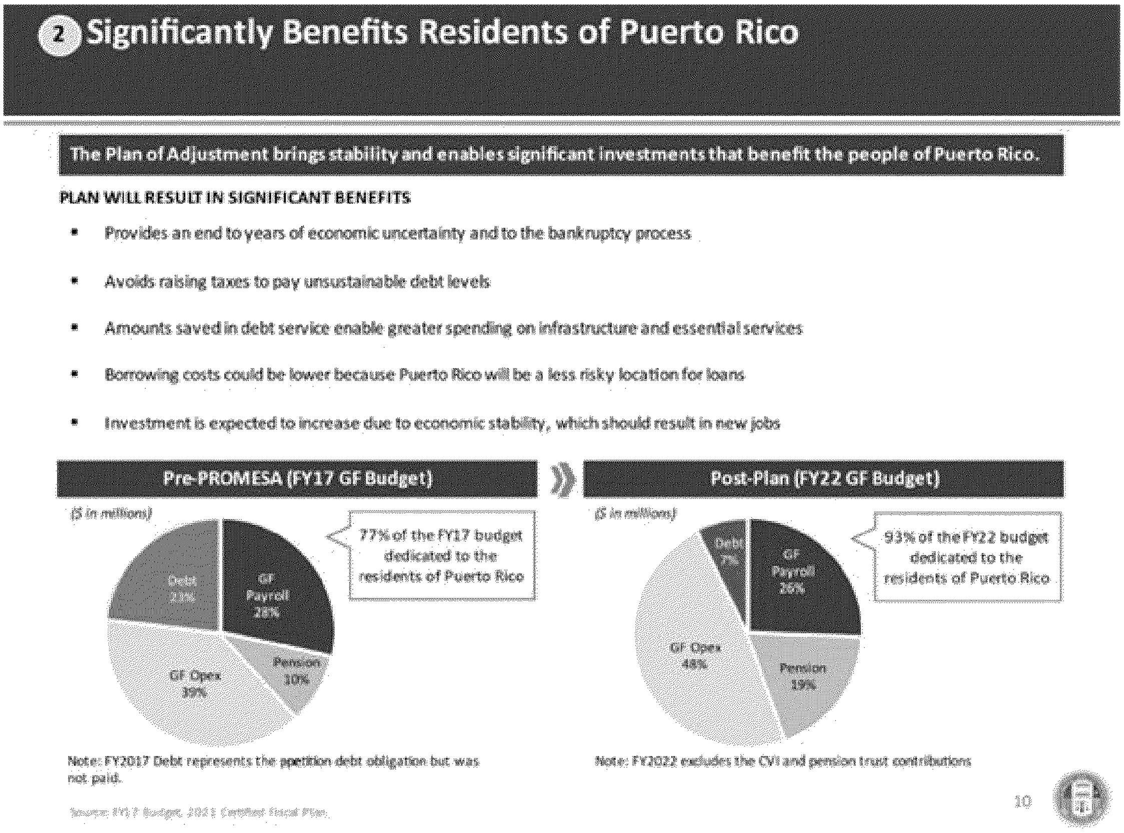
Recent natural disasters and the pandemic have weakened Puerto Rico's economy.

This deal, which includes reduced debt service compared to Pre-PROMESA and even compared to the 2020 Plan Support Agreement, allows for significantly more investment in Puerto Rico and its people through debt service savings, per our next slide.

I would now like to turn to Antonio Medina to explain the benefits to residents on the Island.

[Antonio Medina]

Page 10 – "Significantly Benefits Residents of Puerto Rico"



- The Plan brings stability and enables significant investments that benefit the people of Puerto Rico
- Moreover, it provides an end to the bankruptcy process and sets the foundation for future economic growth
- It avoids having to increase taxes, or raise additional debt, as had occurred in the past, in order to pay for unsustainable debt levels and unsustainable debt service
- The debt service reduction allows for increased funds for capital expenditures compared to historical levels, which is expected to be used for

infrastructure, essential services, and additional investments that can result in new job creation

- With greater stability and growth, future borrowing costs could be lower

The Plan will allow for just under 95% of the General Fund budget to be dedicated to the residents of Puerto Rico, much higher than just over 75% back in FY2017

Page 11 – "Significantly Benefits Residents of Puerto Rico"

2 Significantly Benefits Residents of Puerto Rico

The Plan has several mechanisms to address long unresolved claims of on-island creditors, including specific claims reconciliation processes and a taxable bond election for onisland creditors.

($ in millions)	Description	# of Claims	$ of Claims Allowed	Total Distribution
Dairy Producers	• Suiza Dairy and Vaqueria Tres Monjitas claims against the Commonwealth	2	$62	$31[1]
MedCenters	• Claims filed by federally qualified health centers	35	$294	$146[1][2]
Convenience Class	• General Unsecured Claims (GUCs) $20k and less can elect to be paid in full • Claims are paid the lesser of $20k or the allowed amount of the claim	2,331	$19	$19
Convenience Class Opt Ins	• Larger claims can optin to the convenience class • Opt in claims receive $20k per claim, regardless of size of claim	2,083	$107	$42
Administrative Claims Reconciliation ("ACR") Process	• Claims by individuals regarding pension benefits, public employee-related matters, union grievances, or income tax refunds • After reconciliation, claims are transferred into ACR pool and paid in full in the ordinary course	44,694	$293	$293 reserve
Taxable Bond Election	• Holders of GO or PBA Bond Claims can elect to receive taxable New GO Bond distribution, which carries a higher interest rate • Puerto Rico retail investors benefit from the higher annual interest income as residents of Puerto Rico are generally exempt from federal income taxes	TBD	TBD	$822

1) Payment over 3 years.
2) Assumes class votes to accept Plan.

11

The Plan contains certain mechanisms to address on-island bondholders and creditors separately and fairly. After years in bankruptcy, on-island creditors will be paid.

Specifically, the plan addresses various on-island constituents directly:

- The Dairy producers and local Medical Centers will be paid in cash over the course of three years, ultimately recovering 50% of their claims

- The Plan also sets the treatment of the General Unsecured Creditors. A key part of this treatment is the creation of a convenience class. Smaller creditors, or those with claims of less than $20k, are part of this class. These claims are paid 100% of their claim in cash.

    - Additionally, larger claims can opt into convenience class treatment and be paid up to $20,000.

    - We expect approximately $100-110 million of claims to "opt in"

    - This compares to an estimated 20% recovery for the remainder of the General Unsecured Claims

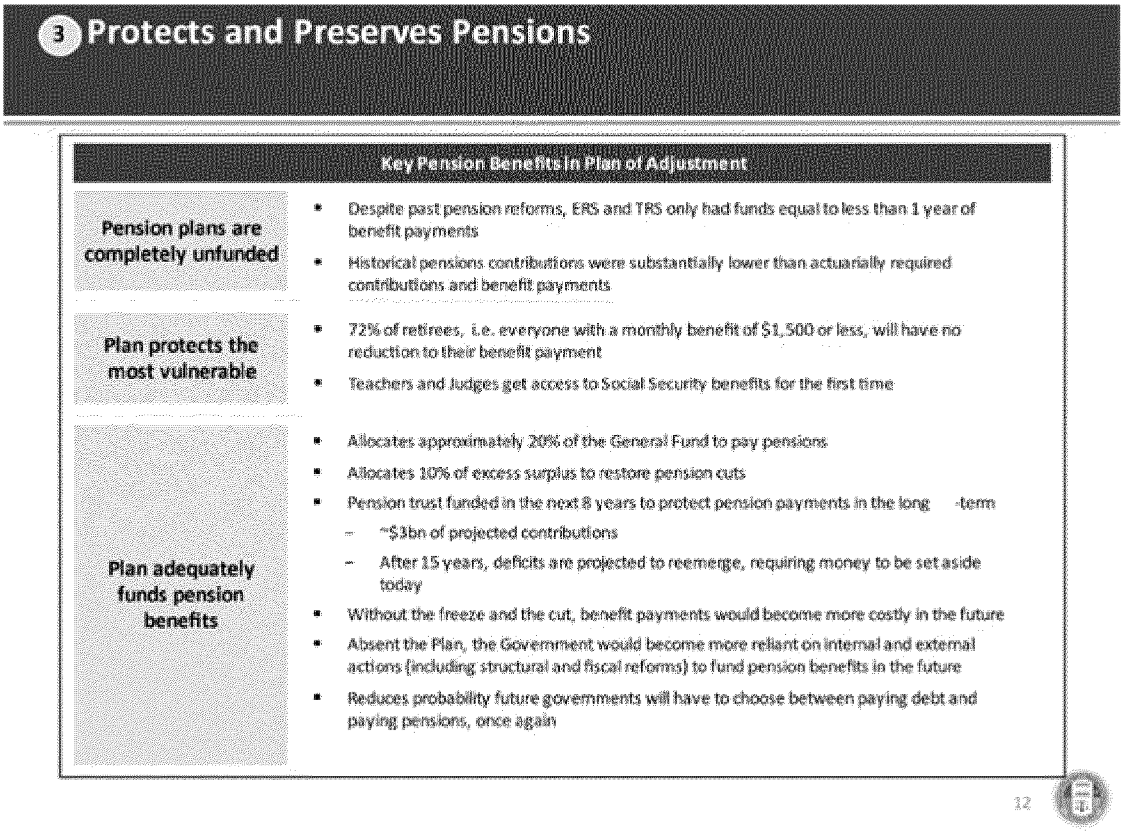
- Similarly, the Plan allows for the Administrative Claims Reconciliation – or ACR – process to continue. The ACR processes claims regarding pensions, public employees, union grievances, or income tax benefits. After reconciliation, these claims are paid in full in the ordinary course

- Finally, the Plan allows for on-island GO and PBA creditors to elect to receive taxable bonds as part of their recovery. As Puerto Ricans are subject to different tax laws than the mainland, this benefits on-island creditors through a higher interest rate

Andrew Biggs, can you talk us through the treatment of pensions under the plan

[Andrew Biggs]

Page 12 – "Protects and Preserves Pensions"



- In the past, the Government tried to implement pension reforms, but those reforms were not enough to prevent the pension systems from running out of assets to pay for benefits
- Pensions will have to be impaired in order to make these costs more affordable and to preserve the ability to pay benefits
- It is important to note that 72% of retirees will not receive a cut to benefits and Teachers and Judges will get social security as a new benefit
- If the economic situation improves, the Plan has a mechanism where pension cuts can be restored

Public Meeting - September 17 2021 - Appendix

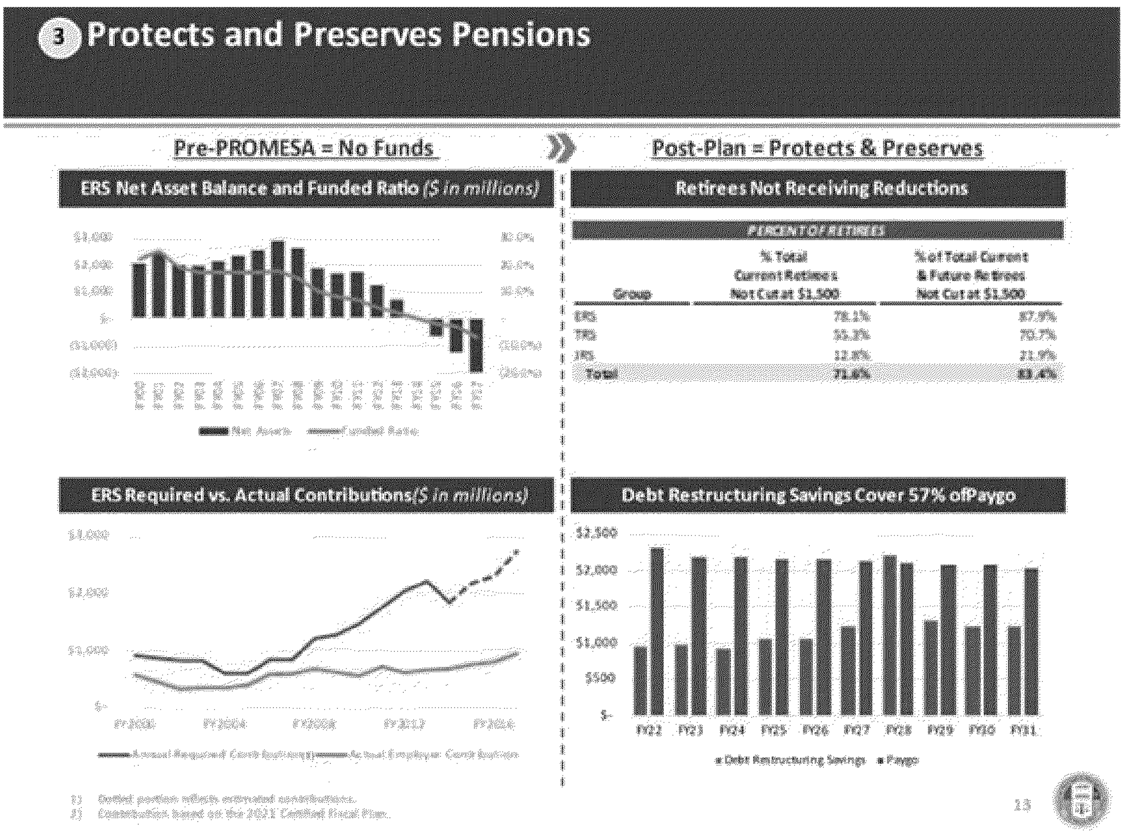
- Moreover, the Plan establishes a pension trust, which preserves the Government's ability to make payments in the future if deficits re-emerge

- Without a cut and freeze, pension costs will keep growing, making it more difficult to pay benefits in the future, as we have seen in the past (prior to PROMESA)

- Absent the Plan, the Government would be more dependent on external financing and/or cost reductions to fund pensions

Please turn to the next page

Page 13 - "Protects and Preserves Pensions"



- Again, the Plan is intended to help protect and preserve pensions
- On the top left, you can see that the ERS pension system eventually ran out of assets to pay for pension benefits
- The chart on the bottom left shows why that happened; in the past, actual contributions to fund the system were lower than what was required
- On the top right, you can see that the Plan protects the most vulnerable retirees by not cutting benefits for 72% of retirees, or those with monthly benefits at or below $1,500
- The chart on the bottom right shows that the debt restructuring helps to preserve pension payments as savings generated cover 57% of the required PayGo payments

John, would you mind talking through the benefits to Government employees in the plan

[John Nixon]

Page 14 - "Government Employees Get Stability and Trus

4 Government Employees Get Stability and Trust

Key Labor Benefits in Plan of Adjustment	
Contractual Protection	• Provides long-term 5-year worker -friendly CBAs for stability and assurances of no further pay cut
Healthcare	• Higher medical plan contributions, $170 per member per month versus Fiscal Plan at $125 per month
Bonuses	• Provides signing bonuses and incentivizes efficiencies by providing members a share in outperformance of the Fiscal Plan

14

- As previously mentioned, Government employees will also benefit from the Plan of Adjustment
- These benefits include:
    - Contractual protection provided through five-year worker-friendly collective bargaining agreements
    - Higher medical plan contributions, from $125 to $170 per member per month
    - And the opportunity for members to share in outperformance of the Fiscal Plan

Public Meeting - September 17 2021 - Appendix

Page 15 "Outperformance Benefits Government Employees and Retirees"

5 Outperformance Benefits Government Employees and Retirees

Vast majority of outperformance accrues to employees and retirees if the government outperforms.

		Outperformance Shared	Cap	Term
Surplus Sharing	Commonwealth	• $200 million annual surplus retained	$200 million	None
	Pension Reserve Trust	• Projected annual surplus after debt service per Certified Fiscal Plan as of the Plan of Adjustment effective date, less $200 million[1]	None	8 years
	Pension Benefit Restoration	• 10% of incremental surplus vs. Certified Fiscal Plan [2] as of the Plan of Adjustment effective date	None	12 years
	Unions	• 25% of incremental surplus vs. Certified Fiscal Plan [2] as of the Plan of Adjustment effective date	None	5 years
Revenue Sharing	Financial Creditors	• 90% of 5.5% Sales and Use Taxes collections ("5.5% SUT") outperformance vs. 2020 CFP • 40% General Fund Rum Tax Collections outperformance vs. 2021 CFP	$8.7 billion	30 years

1) Calculated as the lower of actual and projected surplus less (i) Commonwealth debt service and (ii) $200 million.
2) If Excess Cash Surplus is lower than $100mm, no amounts will be distributed.

15

The Plan of Adjustment also contemplates cash, debt, and contingent consideration. Contingent consideration is paid if, and only if, certain metrics are hit. The vast majority of the contingent consideration accrues to people on island: pensions and unions.

Only a small portion goes to financial creditors based on defined metrics and limited annual and lifetime caps.

- The Commonwealth retains up to $200mm of surplus annually while the Pension Reserve Trust is receiving contributions, or for 8 years.

- During that time, the pension reserve trust receives contributions based on the projected surplus in the Fiscal Plan in effect as of the effective date of the Plan of Adjustment. This helps to ensure that the Pensions will have

another source of payment and will never be faced with the uncertainty that pensioners experienced prior to PROMESA.

- Similarly, the Pension Benefit Restoration allows for certain benefits to be restored based on annual outperformance, that could make the pensioners whole.

- Finally, on-island unions receive 25% of incremental surplus compared to the Fiscal Plan in effect as of the effective date of the Plan of Adjustment.

Financial creditors receive a limited portion of revenue outperformance based on defined metrics and limited bases – only on the 5.5% portion of the SUT and on general fund rum tax collections. These CVIs were instrumental in reaching deals with various sets of financial creditors after years of negotiations.

- For GO and PBA bonds, an agreement from 2020 was renegotiated in light of the effects of the pandemic. As part of the renegotiation, the inclusion of an SUT-based CVI in the new Plan allowed for a decrease in the amount of debt service received by GO creditors by almost $6bn

- For PRIFA rum tax bonds, the inclusion of a Rum Tax CVI enabled an agreement with remaining monolines, clearing a path to confirmation with a broadly consensual deal with the vast majority of stakeholders.

Natalie, can you talk everyone through how the outperformance in the proposed Plan works.

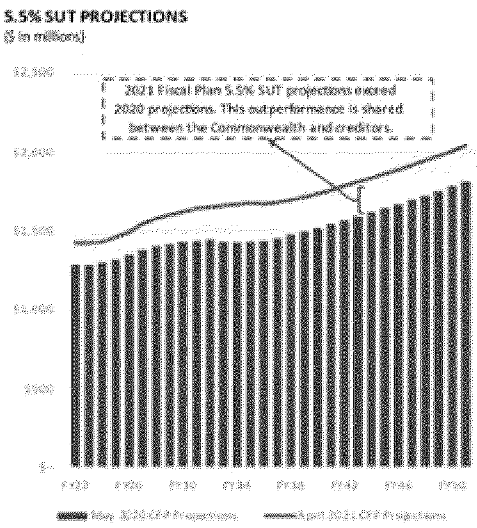
[Natalie Jaresko]

Page 16 "Outperformance"

5 Outperformance

SUT CVI shares only 7% of debt policy revenue outperformance

	Sales and Use Tax ("SUT") CVI
Metric to Measure Outperformance	• 5.5% SUT collections per **May 2020 Fiscal Plan** • Calculated off ~50% of total SUT collections • 7.0% of FY20 debt policy revenues
Sharing of Outperformance	• Lesser of: – 90% of cumulative outperformance – 95% of annual outperformance
Lifetime Cap	• GO CVI: $3.5 billion • Clawback CVI: $5.2 billion
Annual Cap	• $375 million
Term	• GO CVI: 22 years • Clawback CVI: 30 years



16

The SUT CVI is based on outperformance against projections of 5.5% SUT collections per the May 2020 Fiscal Plan, or roughly 50% of total SUT collections. This is equivalent to approximately 7% of total revenues collected by the Commonwealth, excluding federal transfers. This structure allows outperformance to be shared with creditors on only a limited portion of the overall operating budget.

Payments to the SUT CVI are further limited in several ways:

- In any year, no more than 90% of cumulative outperformance or 95% of annual outperformance of the 5.5% SUT collections (relative to the May 2020 projections) can be paid to creditors.
  - These dual outperformance tests mean that the Commonwealth receives its fair share of outperformance over the long run.
  - The annual outperformance test ensures that the Commonwealth will never have to pay more to creditors in any one year than the outperformance that was collected in that year
- Payments to the SUT CVI are also limited by lifetime caps
  - The GO CVI may receive no more than $3.5 billion over its 22-year term, while the Clawback CVI may receive no more than $5.2 billion over its 30-year term
- Last, these payments are also limited by in-year, annual payment caps for each of the GO and Clawback CVIs

The graph shows that, based on the 2021 Fiscal Plan, the SUT CVI is expected to receive some payments due to outperformance vs. the 2020 Fiscal Plan.

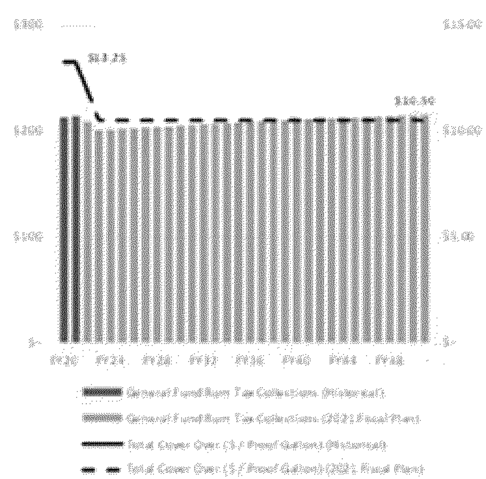
Page 17 "Outperformance"

5 Outperformance

Rum Tax CVI shares only 0.6% of potential revenue outperformance

	Rum Tax CVI
Metric to Measure Outperformance	• General Fund Rum Tax collections per **April 2021 Fiscal Plan,** including distributions under current legislation • Calculated off ~50% rum tax collections • 0.6% of FY20 debt policy revenues
Sharing of Outperformance	• Lesser of: – 40% of **cumulative** outperformance – 50% of **annual** outperformance
Lifetime Cap	• $1.3 billion (applies to both PRIFA share of Clawback SUT CVI and Rum Tax CVI)
Annual Cap	• $88 million, if $2.75 supplemental cover over legislation is extended by Congress [1] • $30 million on amounts shared with creditors
Term	• 30 years

RUM TAX GENERAL FUND PROJECTIONS
($ in millions)



1) "Supplemental cover over" is the $2.75 incremental rum tax cover over (i.e., above the $10.50 base cover over). Legislation such supplemental cover over is passed by Congress and is currently set to expire at the end of CY2021, should Congress not extend the legislation.

17

The Rum Tax CVI is based on general fund rum tax collections per the 2021 Fiscal Plan. This is equivalent to less than 1% of debt policy revenues.

By way of background, the general fund collects rum taxes via a "cover over," or transfer, from the US Treasury. This is based on a certain dollar amount per proof-gallon (currently $10.50/proof-gallon).

Based on legislation in place, Congress can transfer over an incremental amount per proof-gallon, which is called a "Supplemental Cover Over." Legislation enacting the Supplemental Cover Over – of $2.75/proof-gallon – expires at the end of 2021.

Payments to the Rum Tax CVI are limited in multiple ways:

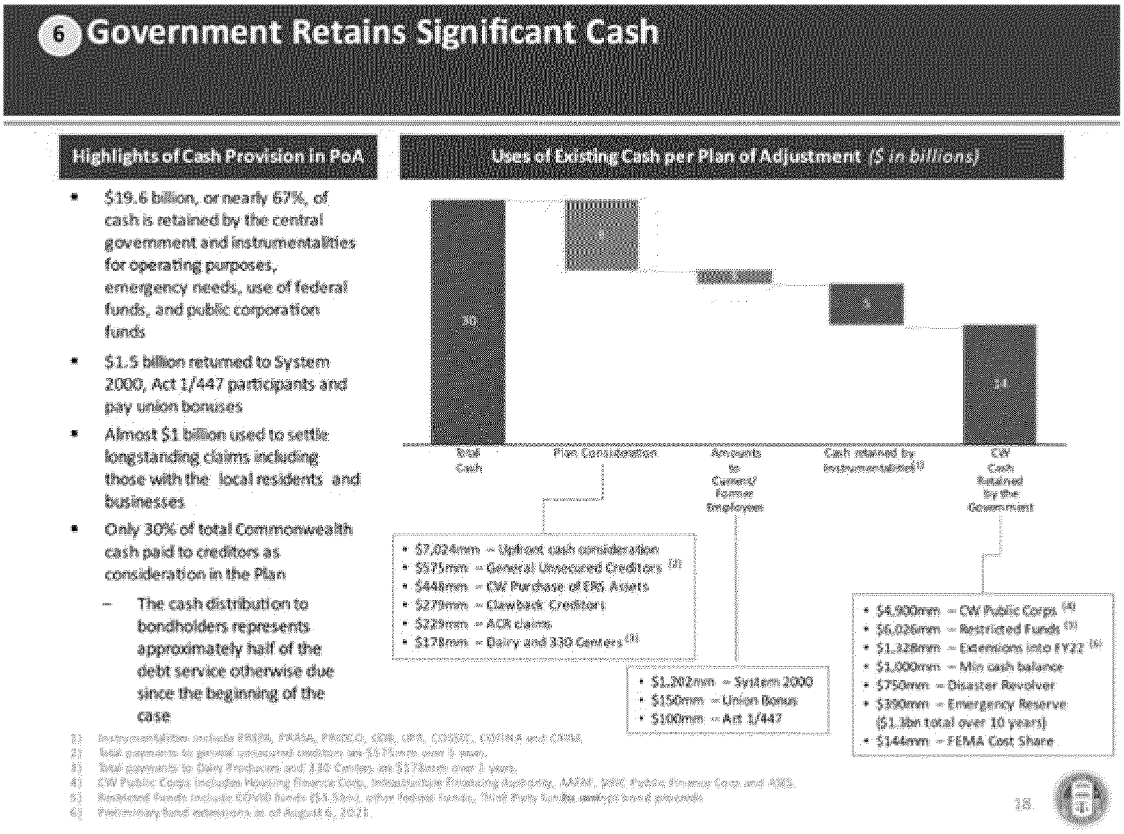
- In any year, no more than 40% of cumulative outperformance or 50% of annual outperformance can be paid to creditors.
    - These dual outperformance tests mean that the Commonwealth receives its fair share of outperformance over the long run
    - The annual outperformance test ensures that the Commonwealth will never have to pay more to creditors in any one year than the outperformance collected that year
- Payments to the Rum Tax CVI are also limited by lifetime caps
    - PRIFA rum tax creditors receive payments both from their share of the SUT CVI and from the Rum Tax CVI, though their lifetime cap of $1.3 billion is an aggregate cap, so it applies to payments from both CVIs
- Payments to the Rum Tax CVI are also limited by in-year, annual payment caps of $30 million
    - If the Supplemental Cover Over is extended beyond 2021, when payments to the CVI on account of those Supplemental Cover Over collections are calculated, they are limited by an $88 million Supplemental Cover Over incremental collections cap, allowing the general fund to retain incremental outperformance over time

The Rum Tax CVI is based on projections per the 2021 Fiscal Plan – the most recent Fiscal Plan – and since legislation regarding the Supplemental Cover Over has not yet been extended, the Rum Tax CVI is not currently projected to receive payments.

Judge Gonzalez, can you talk everyone through the last important point regarding cash.

[Judge Gonzalez]

Page 18 "Government Retains Significant Cash"



- During PROMESA, the Government has accumulated $30 billion dollars of which $19.6 billion will stay with Government and instrumentalities for operating purposes, emergency needs, and federal funds. That is represented by the two greens bars on the chart on the right.

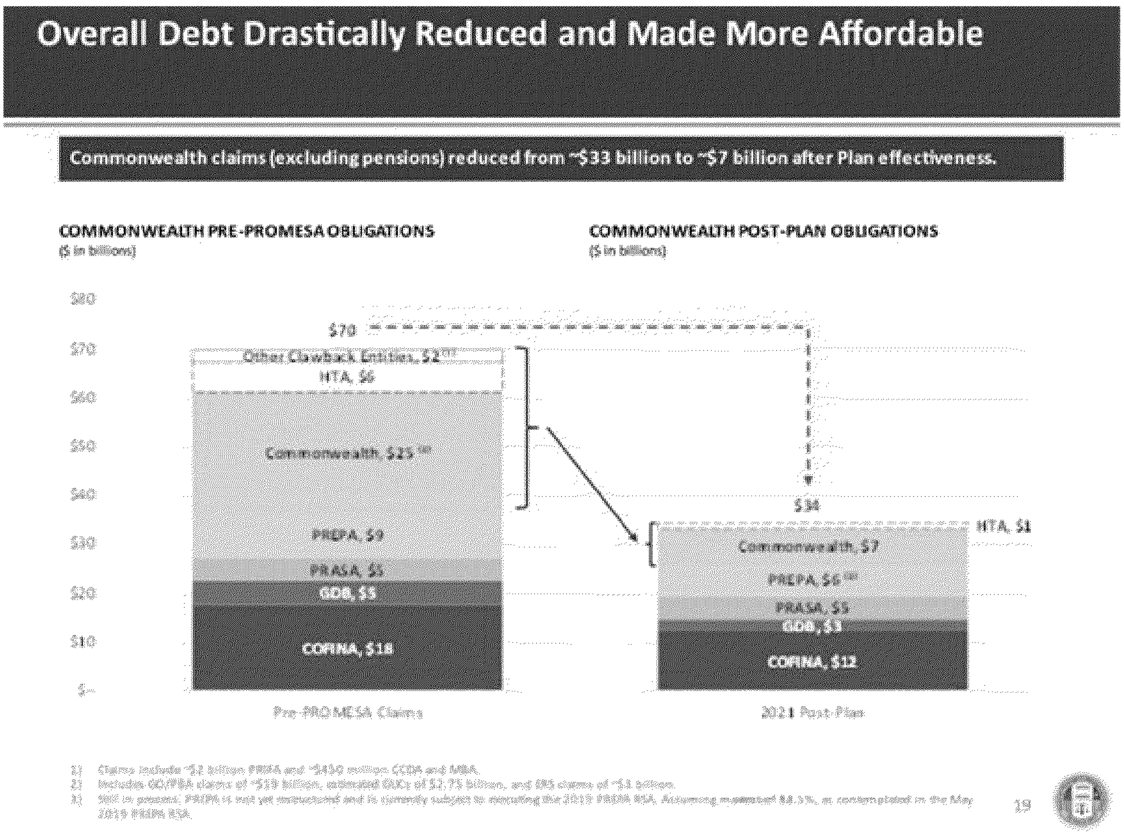
- A total of $1.5 billion will go to current and former employees. $1.3 billion will be returned to System 2000, Act 1/447 participants and $150 million will be used to pay union bonuses.

- The remainder of the cash will be used for plan consideration including almost $1 billion that will go toward the settlement of long-standing claims

including those with local residents and businesses. Only 30% of the cash will be paid to creditors as consideration in the plan.

- The cash distribution to bondholders represents approximately half of the debt service otherwise due since the beginning of the case

Page 19 "Overall Debt Drastically Reduced and Made More Affordable"

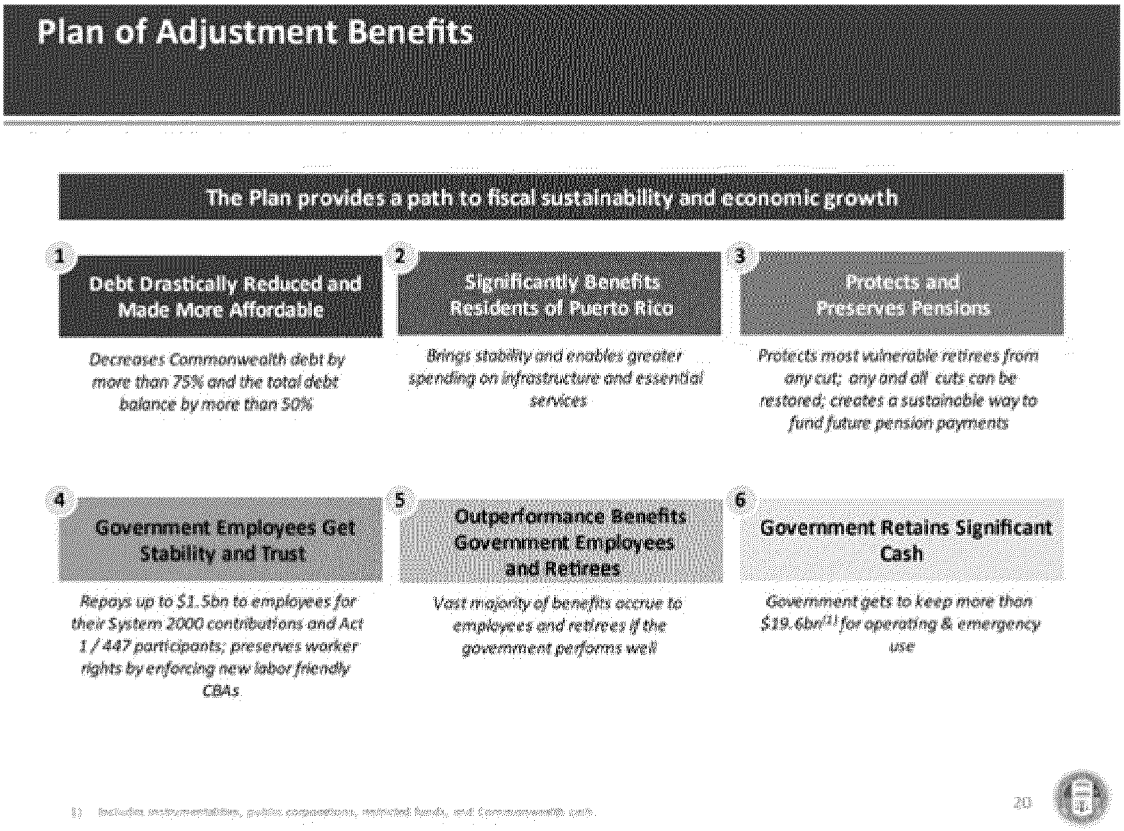


Thank you all for talking through the components of the proposed Plan.

To summarize, claims against Puerto Rico are reduced by about 50%. Claims against the Commonwealth are reduced by from over $30 billion to just $7 billion.

This large reduction in go-forward debt allows for significant future flexibility for the Commonwealth to invest in the island.

Page 20 – "Plan of Adjustment Benefits"



- To recap, key benefits of the Plan of Adjustment, which impact residents, retirees, and employees include:
  - Drastic reduction of debt and more affordable future debt
  - Stability for residents and higher spending in essential areas
  - Pensions preserved for most retirees and future funding is protected, and any cuts may be restored if there is sufficient outperformance
  - Long-term labor agreements for employees and repayment of contributions they had made
  - Employees and retirees have the opportunity to share in outperformance

- And lastly, the Government retains a significant portion of its own cash

BOARD COMMENTS

CHAIR: Thank you for the presentation. Would any of the board members like to make any comments or have any questions?

PUBLIC COMMENTS

CHAIR: Thank you Board Members. We will now move on to Public Comments. Please make your way to the podium on the right hand of the stage. You will have 2 minutes to provide your comments. Please ensure that you maintain distance between you and other commenters, per health protocols.

5. Other Matters

CHAIR: Does any Board member have any other matter to discuss today?

Adjournment

CHAIR: Since we have no other matters to cover, I move that we adjourn this meeting.

BOARD MEMBER: I second the motion.

CHAIR then asks for a vote by a voice vote – first those in favor, please say "Yes"– then those opposed, please say "No".

CHAIR says: [All] of the members having voted in favor, the meeting is now adjourned.

ADJOURNED AT [__ A.M./ P.M.] AST.

CHAIR: I invite you to stay for the press conference to follow.

POSSIBLE QUESTIONS AND ANSWERS

Plan of Adjustment (POA) – General Questions

1. What is the Plan of Adjustment?

- The Plan of Adjustment is a proposal to restructure Puerto Rico's debts so the island can emerge from bankruptcy.
- The Plan lowers the payments the Commonwealth of Puerto Rico and other government entities have to make to bondholders and other creditors. The Plan restructures the general obligation (GO) bonds issued by the Commonwealth; claw back claims against the Commonwealth; bonds issued by the Employee Retirement System (ERS), and the Public Building Authority (PBA); and the Commonwealth of Puerto Rico's pension liabilities.
- Investors who bought bonds issued by the Government of Puerto Rico and its instrumentalities range from individual Puerto Ricans who saw those bonds as their retirement savings, to large pension and mutual funds, and other institutional investors. The Plan of Adjustment determines how much investors would recover if the plan were confirmed.
- The Plan is supported by Plan Support Agreements with key stakeholders, including the statutory committee representing retirees, large public sector unions, and certain other creditors. It reduces approximately $33 billion in Commonwealth liabilities to $7.4 billion in future debt.

2. What does the Plan of Adjustment do?

- The Plan cuts Puerto Rico's debt to sustainable levels and strengthens the pensions of government retirees for decades.
- In 2016, when Congress passed and President Barack Obama signed PROMESA, Puerto Rico's government and public corporations like PREPA and COFINA had amassed more than $70 billion in debt that they could not pay in full. The Puerto Rico government had to spend almost $1 of every $4 dollars in own-source revenue just to service its debt.
- The Plan of Adjustment, along with the plan to restructure COFINA's debt that the court confirmed earlier this year, cuts Puerto Rico's new debt payment schedule to less than $1 of every $10 dollars of own-source revenues.
- The proposed plan includes a meaningful concession by bondholders and other parties with claims against the Puerto Rico government and its entities, provides

billions of dollars in savings from debt service, and is a milestone on Puerto Rico's path to exit bankruptcy.

3. What debt and claims are resolved through this Plan of Adjustment?

The plan restructures $33 billion in aggregate Commonwealth claims, including:

- The Commonwealth of Puerto Rico's general obligation bonds
- Public Building Authority bonds
- Employee Retirement System bonds
- A variety of general unsecured claims
- A variety of clawback claims against Commonwealth, including Highway Transportation Authority bonds, Puerto Rico Infrastructure Financing Authority bonds, and Convention Center bonds
- The plan also includes the Commonwealth of Puerto Rico's over $50 billion of pension liabilities.

4. What does debt sustainability mean and how does the Plan of Adjustment fit into that concept?

- Debt sustainability means the government will have sufficient money this year and in future years to pay debt service, pensions, and other obligations while the debt is outstanding.
- The debt sustainability analysis is a framework for assessing the capacity of the Government to pay debt service without impairing the current and future government services Puerto Ricans need. Debt levels post-restructuring need to be sustainable over the long-term and to allow for the recovery of market access. That means the Government must not have so much debt that no one will lend money in the future which could foster future economic growth.
- The plan foresees reducing the government's annual debt service to 7.2% of its revenues (taxes and other revenue it collects but excluding federal funds). Before PROMESA, the government's annual debt service was 25% of government revenue.

5. When does this agreement go into effect?

The Plan of Adjustment goes into effect if and when confirmed by the U.S. District Court for the District of Puerto Rico.

6. **Do you need Legislature approval at some point**?

The best way to move forward is together, with legislation. Nevertheless, the Board will simply modify the plan to exclude legislation. We would prefer not to do that, but if we have to, we will.

7. **How will the Plan of Adjustment affect the local economy?**

Leaving bankruptcy behind will make it easier for businesses to invest, for the economy to grow, and for the people of Puerto Rico to prosper. Predictability and stability should reduce borrowing costs of businesses, open new opportunities to raise capital, and enable new investment and new job creation.

8. Why has it taken you so long to make this happen?

In short, the COVID-19 pandemic. We filed an amended Plan of Adjustment in late February 2020 with the U.S. District Court for the District of Puerto Rico, and almost immediately afterwards lockdown procedures were put in place, which significantly put a temporary halt on the proceedings.

9. Why is this a good Plan for Puerto Rico?

- The Plan of Adjustment results in a sustainable and affordable debt level for Puerto Rico, while protecting more than 70% of retirees from any reduction and strengthening pension through a pension reserve fund. It gives retirees and active employees, who have borne a significant share of the fiscal pain the last decade, predictability going forward.
- Every debt restructuring is a compromise that takes into consideration the legal rights and obligations of each set of claims. Financial creditors, retirees, and active employees are asked to compromise to achieve predictability, while reducing further costs and pain associated with a prolonged bankruptcy.

10. Who benefits from the Plan of Adjustment?

- The Plan benefits all Puerto Ricans because it provides certainty and reduces the amount of money the government has to spend on paying debt. The Plan also benefits creditors who have not been paid interest for several years by restoring reduced levels of payment and reducing Puerto Rico's debt to a level it can sustain.

Public Meeting - September 17 2021 - Appendix

- Puerto Rico received bankruptcy-like protection in 2017, when the Commonwealth and several of its instrumentalities filed a petition under PROMESA's Title III with the U.S District Court for the District of Puerto Rico. Those filings legally enabled the Court to halt debt payments to allow Puerto Rico to restructure its debt to sustainable levels under PROMESA.
- That helped Puerto Rico recover in the short term and gave the Oversight Board time to negotiate a plan to emerge from bankruptcy. But this can only be a temporary halt on debt payment. Eventually Puerto Rico will have to start paying its debt again. The Plan of Adjustment puts Puerto Rico in a much more favorable position to do so.
- Remaining in bankruptcy holds back new investments because potential investors do not know what debt Puerto Rico will ultimately have to repay. In turn, that denies Puerto Rico stable and sustainable economic growth. Therefore, Puerto Rico needs to get through this bankruptcy. Only then can economic growth return.

11. What are the details surrounding the agreement with creditors/ bondholders?

- Under the plan support agreement that constitutes part of the POA, bondholders would receive $7 billion in cash, while Puerto Rico would issue about $7.4 billion in new general obligation bonds in exchange for creditors' claims against the government. So, in the future, Puerto Rico would have to make payment on only $7.4 billion of debt.
- The $7 billion cash down payment comes from savings from the moratorium on debt payments that the U.S. District Court allowed when PR declared bankruptcy in 2017.
- The cash component in the agreement is like your mortgage: the higher the down payment on the house, the less you pay the bank in the future.
- This money was set aside because Puerto Rico would eventually have to make a payment to complete the restructuring by paying the existing debt in part. There is no legal way to eliminate debt, but the Oversight Board negotiated to substantially reduce it.

12. But isn't this available cash the result of austerity? Didn't Puerto Rican's suffer a reduction in essential services, higher UPR tuitions and higher electricity rates to get the cash you now pay to creditors?

- PROMESA requires the funding of essential services, and the Certified Budget ensures funding of essential services. The budgets have increased spending in several essential services, while prioritizing efficiency of others. The government has reduced its staff through voluntary retirements, but no government employee has

been laid off. The pay for police officers, firefighters, and teachers and school directors was raised. Funding for education increased per student, not decreased. That is not austerity.

- PROMESA mandates fiscal responsibility. Fiscal responsibility is not austerity. Fiscal responsibility isn't just cutting the budget to overcome a funding shortage. Fiscal responsibility is prioritizing taxpayer money to fund important and critical uses. Those priorities and choices are what the Certified Fiscal Plan defines and have been reflected in the certified budgets over the last four years.

13. Fine, but you've been sitting on all this money for years without using it to help the people?

- For the last four years, the Puerto Rico government has not paid the Commonwealth debt. That is because the court allowed a moratorium on debt payments. The money Puerto Rico saved was set aside because we knew Puerto Rico would eventually have to make a payment in order to effectuate the restructuring by paying the existing debt in part. There is no legal way to completely eliminate debt, but we negotiated to substantially reduce it.
- The past four years of fiscal responsibility have allowed Puerto Rico today to make a significant down payment, so the next generation of Puerto Ricans faces a much lower debt burden. This down payment also provides the government with significantly more flexibility in the future to fund the services Puerto Ricans need and deserve.

14. How does the Plan of Adjustment impact the $6 billion in challenged general obligation debt?

- This agreement includes new terms for the settlement with the debt holders that our Special Claims Committee challenged in court. The holders of those bonds will now see a cut of between 25% and 32%.
- Our opinion on the validity of these bonds has not changed, but we owe it to the people of Puerto Rico to weigh an uncertain outcome in court against the substantial cost of litigation. It would likely require hundreds of millions of dollars in legal fees and years of court battle—and a potential delayed exit from bankruptcy.

15.Why did the board not audit the debt?

- The Oversight Board issued a comprehensive independent investigation by law firm Kobre & Kim in 2018 to provide a complete, independent review of Puerto Rico's debt. You can find copies of that audit in English and Spanish on the Oversight Board's website.
- This investigation led the FOMB's Special Litigation Committee to challenge the $6 billion of bonds and file a claim to recover both interest and principal payments received by the holders of those issuances, as well as to recover fees and damages from those professional firms involved in the issuances.

16.Why are government retirees are included in the Plan of Adjustment?

- The Employee Retirement System (ERS), the Teachers Retirement System (TRS) and the Judicial Retirement System (JRS) pension plans are completely unfunded and insolvent. Therefore, government retirees have a claim against the Commonwealth for their unfunded pensions and are recognized by the Court as unsecured claimholders. In the bankruptcy court, all creditors, including retirees, are affected by the restructuring.
- The Oversight Board believes that pensions are not the same as bonds and does not want cuts to pensions to leave retirees without sufficient means to live in dignity. No one wishes to reduce pensions. However, the legal reality is that the Oversight Board cannot assume the court would allow pensions to be paid in full when the bondholders receive much less than what they are owed. Creditors will argue in court that money going to pay pensions should instead go to the payment of the Commonwealth's bonds. Some of these bondholders will argue that the Puerto Rico Constitution requires that debt must be paid before pensions.
- The agreement the Oversight Board reached with the Official Committee of Retirees foresees setting aside a significant portion of the Government's projected annual budget surpluses into an independently managed pension trust to strengthen its ability to pay future pensions.
- And if the Government performs better than forecast and generates an "excess" surplus, a portion of it will be utilized to restore the pensions cut in that fiscal year.

17.Why didn't the Oversight Board cut payments to bondholders even more?

- The law imposes various requirements and limitations on how the Plan of Adjustment can treat bondholders.

- The new debt payments are sustainable and reasonable given Puerto Rico's current and projected future revenues. The Puerto Rico government had to spend almost 25 cents of every $1 in tax revenue just to service its prior debt. The plan, along with the COFINA restructuring, would lower Puerto Rico's debt to less than 8 cents out of every $1.

18. What other debt has the Oversight Board already restructured?

The Oversight Board and the Government of Puerto Rico completed the debt restructuring of:

- $18 billion in COFINA bonds
- $5 billion in Government Development Bank (GDB) bonds

Additionally, approximately $8 billion in other GDB liabilities have been restructured and PRASA's debt with federal agencies was reprofiled outside the PROMESA Title III procedure. The Oversight Board and Government also have a Restructuring Support Agreement (RSA) in place to restructure approximately $10 billion of PREPA debt.

Plan of Adjustment – Retirees Agreement

19. **Why are government retirement pensions such an important part of the POA?**

- The Employee Retirement System (ERS), the Teachers Retirement System (TRS) and the Judicial Retirement System (JRS) pension plans are completely unfounded and insolvent.
- Government retirees have a claim against the Commonwealth for their unfunded pensions and are recognized by the Court as unsecured claimholders.
- Unsecured claimholders, such as pensioners, do not have a security interest in the Commonwealth's assets.
- This means that they lack most of the legal resources that secured claimholders, such as bondholders, have when the debtor defaults, such as what happened with the Government of Puerto Rico in 2016.
- The Oversight Board believes that pensions are not the same as bonds and does not want to cut pensions in a way that it leaves retirees without sufficient means to live in dignity.

20. **Why the insistence in cutting retirement pensions?**

- The Oversight Board does not want to cut pensions. Retirees are not to blame for the situation that the Commonwealth and the retirement systems are in.
- However, the legal reality is that the Oversight Board cannot assume the court would allow pensions to be paid in full when the bondholders receive much less than what they are owed.
- Creditors will argue in court that money going to pay pensions should instead go to the payment of the Commonwealth's bonds.
- Some of these bondholders will also argue that the Puerto Rico Constitution requires that debt must be paid before pensions.
- Despite this, the Oversight Board has fought in court to provide retirees with as much of their pension as possible and will continue to do so.

21. How much would the POA cut from retirement pensions?

- If you receive less than $1,500 a month, the answer is zero cuts. Previous agreements had put this threshold at $1,200 a month, but the Oversight Board realized that most police officers and teachers, many of whom don't receive Social Security, receive between $1,200 and $1,500.
- By increasing the threshold, we protect most retirees from the 8.5% cut —about 74%, or three out of four pensioners.
- The agreement also puts an independently managed pension reserve trust in place to make pensions stronger for the next 30 years. It also includes the possibility that pension cuts could be restored if the Puerto Rico economy performs better than projected under the Fiscal Plan.

22. Was the CVI necessary?

Agreeing to the CVI allowed us to significantly lower Puerto Rico's debt, and debt service payments. The CVI is an instrument that accounts for the uncertainty regarding over what Puerto Rico might afford over the long-term, especially given the recent natural disasters and now the ongoing effects of the pandemic on the back of a recessionary economy.

a. How is the CVI paid should the Puerto Rico economy outperform? In cash or bonds?

The CVI would be paid in cash rather than in new bonds, since the CVI is based on sharing a portion of the outperformance of Puerto Rico's economy.

b. Many economists claim that a debt service level above $700M a year is not sustainable. Have you seen these analyses? Have you shared your numbers with other economists? Have you validated your data?

We have been analyzing PR's revenues and expenses carefully with the help of several expert economists and consultants.

- The economic projections the 2020 Certified Fiscal Plan's primarily relied on U.S. the Congressional Budget Office data for its economic forecast, with significant inputs from the Oversight Board's own research by a working group set up in early March specifically to analyze COVID-19 in Puerto Rico.
- Of course, there will be mixed opinions and criticism. Still, we are reducing the annual debt service from as much as $3.9 billion to $1.15 billion.
- The debt payments contemplated by this agreement would cap the aggregate debt service payments in a given year at below 8% of the government's own-source revenues, which is revenue from taxes and fees the government charges for services and licenses.
- Previously, Puerto Rico's debt payments accounted to 25% of its own-source revenue.

Other issues:

1. A recent report indicates that Promesa has failed… comments?

When PROMESA was passed and the Oversight Board was created, Puerto Rico had amassed an unsustainable debt burden of almost $130 billion. Years of deficit spending let Puerto Rico into the biggest public sector bankruptcy in the history of the United State. PROMESA provides an opportunity no state in the union has: a path to restructure its debt. Before PROMESA, the Puerto Rico government paid 25 cents of every dollar it collected in taxes and fees from its people to creditors. The Plan of Adjustment the Oversight Board submitted to restructure the debt would reduce that amount to about 7 cents, due to

significant reductions in the value of creditors' claims. PROMESA also mandates the Oversight Board to help Puerto Rico achieve fiscal responsibility. The budgets the Oversight Board certified cut spending on bureaucracy without any layoffs of government workers; increased the salaries of teachers, fire fighters, and police officers; and included significant investments in areas like healthcare and the expansion of broadband in rural areas. Those are not measures included in austerity budgets.

Although PR has faced two hurricanes, earthquakes, political turmoil and the COVID 19 pandemic, the Board has managed to accomplish major achievements:

- Restructured $24 billion of Puerto Rico's debt through largely consensual restructurings, which reduced $18 billion of COFINA debt by $6 billion and roughly $5 billion of Government Development Bank debt by more than $2 billion, and $1 billion of PRASA debt by $380 million.
- The Board and government also have made great progress on the PREPA transformation. After a competitive bidding process, LUMA—a company with impressive experience and expertise—has been brought in to manage PREPA's transmission and distribution.
- The Board also has brought far more fiscal responsibility and transparency to the Puerto Rico government.

2. Congress is considering a new federal tax incentive to invest in Puerto Rico

We favor any incentive that benefits the people of PR

3. What is your position on Law 142?

The Governor has not provided an estimate of the impact the law will have on the government's expenditures and revenues, as required under PROMESA. Every law must be based on solid analysis of its effects and its costs, and outline how the cost will be covered. That is common sense and the basis of responsible government planning – and it is also required by law. As a result of not doing so, Puerto Rico produced deficits for years that ended in bankruptcy. The Oversight Board's concerns, however, do not affect Puerto Ricans' existing access to health care or drug coverage.

The government has argued that Act 142 would only apply to private health insurers' patients and not to Plan Vital participants. However, the Oversight

Board believes the provisions could be read to apply to Plan Vital, which would increase the government's cost of funding Plan Vital by as much as $165 million in 2022. After originally saying there was no impact, AAFAF itself now estimates the costs for Plan Vital could be as much as $367.9 million. The government has not stated how it intends to cover these significant additional costs that are not reflected in the Certified Fiscal Plan or budget.

In addition to the unbudgeted costs to Vital, the Oversight Board estimates that Act 142 is likely to reduce the government's tax revenues by as much as $73 million in 2022 because of the increased costs imposed on private health insurers. The Oversight Board estimates that the total cost of increased government expenses and falling government revenues will likely be as much as $1.3 billion by 2026. Act 142 mandates insurers to cover prescription drugs that might not be covered by health insurance plans while the insurer reviews the pharmacy claim. Switching an enrollee back to a less-expensive drug after completion of the insurance review is difficult and may be medically unwise. Therefore, the resulting increases in spending on health care, and the costs for the Puerto Rico government could be substantial.

Talking Points

Plan of Adjustment

Main Messages:

- Let's focus on why this Plan of Adjustment is so important:
  - ➢ It is a critical step to get Puerto Rico out of bankruptcy. Bankruptcy has held Puerto Rico back. Ending bankruptcy is a prerequisite for real, sustainable economic growth and prosperity for the people of Puerto Rico.
  - ➢ The Plan of Adjustment cuts Puerto Rico's debt to sustainable levels.
    - ✓ Before PROMESA, the Puerto Rico government paid 25 cents of the taxes and fees it collects from the people to creditors; this plan will lower that amount to just over 7 cents.
    - ✓ The plan will reduce the Commonwealth's outstanding debt from $33 billion to $7 billion.
    - ✓ The plan is supported by a very diverse group of creditors, from unions, retirees, bondholders, unsecured creditors, and monoline insurance company who came together because they know Puerto Rico needs to move on.
    - ✓ The plan includes significant cuts to bondholders and other creditors.
    - ✓ We are close to the finish line. Let's get there.

Talking Points:

- Massive debt is what is what caused Puerto Rico much pain. It is a huge toll on the life of everybody who lives here, and it denies Puerto Rico the stability it needs for a future of prosperity.
  - ➢ Just because Puerto Rico is in bankruptcy, many businesses have to pay a risk premium when they borrow from banks or the capital markets. Emerging from bankruptcy will allow for an

Public Meeting - September 17 2021 - Appendix

improved economic environment for businesses to invest, grow, and create jobs.

- Detroit has shown that economies do respond to debt restructurings and fiscal sustainability: growth returned, household incomes rose, unemployment declined, and poverty levels fell. Puerto Rico can get there too.

- **Milestone:** Plan can **get Puerto Rico out of bankruptcy**. Ending bankruptcy is a condition for economic growth, and for Puerto Rico to move on from its troubled fiscal past.

- **Fair:** Plan **lifts a weight off future generations** by reducing $33B of existing claims by almost 80%, to $7.4B of new debt

- **Reliable:** Plan will **protect pensions** by ensuring that the government will never run out of funds to pay retirees again.

- **Sustainable:** Before PROMESA, the Puerto Rico government paid 25 cents of every dollar it collected in taxes and fees to creditors and under this plan it would be just over 7 cents. Puerto Rico can afford this plan not just today, but tomorrow and for years to come.

- **Fulfils FOMB's 4 principles for debt restructuring.**
  1. **Consensual agreement with as many creditors as possible**: A diverse group of creditors -- bondholders, monoline insurers, retirees, unions, and other creditors -- came together to find a compromise that will help Puerto Rico to move on and create a foundation for growth and prosperity.
  2. **Adjust to the new reality**: Debt and debt service payments are significantly reduced to reflect the impact of the COVID-19 pandemic that followed a series of natural disasters that had already severely damaged Puerto Rico's recessionary economy.
  3. **Fair deal**: Provides all creditors with recoveries that we believe Puerto Rico can afford, while lifting a heavy weight off Puerto Rico's future generations.

4. **Once and done**: **Done:** Plan ensures that Puerto Rico gets out of bankruptcy once and for all. No one wants Puerto Rico to have to restructure this debt again in 10 years.

- **The plan of adjustment is the latest of several successful restructurings**:
  - Taken together, the completed restructuring and this plan of adjustment would complete some 90% of the required restructuring of Puerto Rico's total debt.
  - COFINA
    - ✓ Saved Puerto Rico $17.5 billion in total debt service.
    - ✓ Reduced par of outstanding bonds by $6 billion, from $18B to $12B
    - ✓ All debt is now callable in 10 years, so the CW can refinance to achieve additional savings if the market allows.
  - GDB
    - ✓ Reduced outstanding debt by $3B, from $5B to $2B
    - ✓ Non-recourse to the CW
  - PRASA
    - ✓ Reprofiling reduced debt service by $380 million
  - Debt of PREPA and HTA still needs to be restructured, and those entities are not part of this amended plan.

- **Bottom line: Balance**
  - While some will say the Plan is too favorable to bondholders and still too much of a burden to Puerto Rico. Others will say the opposite, that the Plan doesn't give creditors enough of a recovery and gives too much to the people of Puerto Rico.
  - The Oversight Board and the supporting stakeholders have reached a settlement agreement that is the best possible outcome given the difficult circumstances that Puerto Rico has had to manage for the past several years.

- **Message Puerto Rico:**

- Everyone who would like to see an end to the pain and uncertainty of Puerto Rico's bankruptcy-like state: please continue to work with us to usher this Plan of Adjustment through court.
- Everyone who wants the Oversight Board gone: support this Plan of Adjustment. The sooner this Plan is confirmed by the court, the sooner the Oversight Board will complete the mandate it was given – and be dissolved.